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SOUTH AND EAST ASIA REPORT

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CONTENTS

AUSTRALIA

Scientists' Warning on Antarctic Territory (Peter Dwyer; WEEKEND AUSTRALIAN, 26-27 Sep 81).....	1
Antarctic Stations in Need of Repair (Jane Ford; THE AUSTRALIAN, 1 Oct 81).....	3
Canberra's 'Passive' Stand on Timor Criticized (David Wilson; THE AUSTRALIAN, 6 Oct 81).....	5
Briefs	
Unemployment Figures	7
EEC Office in Canberra	7
Energy Consumption	7
Mineral Production	7
Balance of Payment	8
Energy, Earth Resources Institute	8
High Commissioner to Cyprus	8
Forecast of Wheat Crops	8
Trading Growth With Iraq	8
Record Quarterly Payment Deficit	9
Trade Balance Favors Indonesia	9
Copper Ore Reserves	9
Rural Production	9
Federal Police Mail Intercept Powers	10

BRUNEI

Briefs	
Oil Depletion Rate	11

BURMA

Briefs	
Battle Report	12
Half-Yearly Battle Report Review	12

INDIA

Kashmir Continues Push for Autonomy From New Delhi (Sundar Rajan; 8 DAYS, 12 Sep 81).....	13
USSR Medical Team Steps Up Drug Purchases (8 DAYS, 12 Sep 81).....	14

INDONESIA

Far East Expert Analyzes China's Attitude (KOMPAS, 14 Aug 81).....	15
Japanese Offers Business Advice (KOMPAS, 25 Aug 81).....	17
Team Formed To Prevent Labor Disputes (KOMPAS, 28 Aug 81).....	19
Problems in Instituting Minimum Wage Discussed (KOMPAS, 25 Aug 81).....	21
Sydney Weekly on Indonesian Campaign in Timor (Robin Osborne; WEEKEND AUSTRALIAN, 3-4 Oct 81).....	23
East Timor Agricultural Development To Be Accelerated (KOMPAS, 25 Aug 81).....	25
Construction, Shipping Agreements With South Korea (KOMPAS, 23 Jul 81, SINAR HARAPAN, 25 Jul 81).....	27
Precedence in Construction Projects Cargo Dispute Settled	
Coal Shortage Projected for 1984, Following Years (SINAR HARAPAN, 22 Jul 81, HARIAN UMUM AB, 16 Jul 81).....	30
Large Imports Predicted Coalfield Development Contracts Initialed	

KAMPUCHEA

Thai Support for Khmer Opposition Reported (Jaques de Barrin; LE MONDE, 15 Sep 81).....	33
Briefs	
AAPSO Delegation to Laos	35
Relief to Provinces	35

LAOS

Australian Newsmen on Poisonous Gas Use in Laos (Nicholas Rothwell; POST, 25 Oct 81).....	36
--	----

MALAYSIA

Briefs

World's Largest Tin Mining Company	47
------------------------------------	----

PAKISTAN

State Bank Issues Annual Report for 1980-81 (Karachi Domestic Service, 26 Oct 81).....	48
Export Earnings Higher in August (DAWN, 16 Oct 81).....	50
Export Houses To Be Set Up (DAWN, 13 Oct 81).....	52
Increased Export of Garments Urged (THE PAKISTAN TIMES, 9 Oct 81).....	53
Increased Pressure on Economy Causing Shortages (Sultan Ahmed; DAWN, 15 Oct 81).....	54
Report on Pakistan, U.S. Joint Ventures (MORNING NEWS, 12 Oct 81).....	56
Ground Receiving Station Near Completion (MORNING NEWS, 19 Oct 81).....	57
Operation of Clandestine Visa Market Described (Shaheen Sehba; DAWN, 16 Oct 81).....	59
Institute of Training in Islamic Law Described (S. M. Haider; MORNING NEWS, 16 Oct 81).....	62
Unemployment Among Medical Graduates Noted (MORNING NEWS, 18 Oct 81).....	64
U.S. Scholar's Views Criticized (THE PAKISTAN TIMES, 11 Oct 81).....	65
Appeal To Settle Grievances of Newspaper Industry (MORNING NEWS, 15 Oct 81).....	66
Rise in Karachi Crime Examined (THE MUSLIM, 9 Oct 81).....	67
Measures To End Lawlessness in Industry (Ghulam Dastgir; DAWN, 13 Oct 81).....	68
TCP To Open Offices in Kuwait, Saudi Arabia (THE MUSLIM, 9 Oct 81).....	69

Pakistan Wooing Oil Prospecting Firms (DAWN, 11 Oct 81).....	70
Resources To Be Mobilized To Boost Wheat Output (DAWN, 11 Oct 81).....	71
Editorial on Wheat Target, Strategy (Editorial; DAWN, 15 Oct 81).....	72
Briefs	
Power Station Near Gilgit	74
Bid for Parties' Alliance	74
Foodgrain Godowns To Be Built	74
Sugarcane Advisory Committees	75
Forged 'Tax Stickers' Arrest	75
Wheat Procurement Price	75
Seed Processing Plants	76
Gwadur Port Financing	76
Indian Trade Fair Participation	76
Highway to Baluchistan, NWFP Rural Areas	76
Highway to Sind, Baluchistan	77
Drive To Control Birth Rate	77
Lentil Procurement	77
Vegetable Shortening Price Rise	77
Italian Award	77
Unlicensed Arms	78
Contraband Goods Seized	78
Export to Somalia Urged	78
Smuggled Car, Gems Seized	78
Lentil Dealers Declaration	79
Import of Small Tractors	79
Gas Accord Signed	79

PHILIPPINES

Marcos Urges All-Out Participation in Livelihood Program (FEBC, 2 Oct 81).....	80
Dendro Plant Operational in January 1982 (Leonardo V. Micua; PHILIPPINES DAILY EXPRESS, 27 Sep 81).....	81
Misuari Offered Safe Conduct Pass (PHILIPPINES DAILY EXPRESS, 8 Oct 81).....	82
Marcos Restores Coconut Levy (Willie Ng; BULLETIN TODAY, 3 Oct 81).....	83
Iraq Assures Oil Supply (BULLETIN TODAY, 3 Oct 81).....	85
Export Growth Projected at 13 Percent (BULLETIN TODAY, 6 Oct 81).....	87

Briefs

Marcos Denies Rice Shortage	88
Warning Against Spreading Rumors	88
Trade Ties With Canada	88

SRI LANKA

Briefs

USSR Rubber Purchases	89
Oil Storage Facility	89

VANUATU

Lucrative Business of Flag of Convenience Shipping Discussed (8 DAYS, 10 Oct 81).....	90
--	----

SCIENTISTS' WARNING ON ANTARCTIC TERRITORY

BK140812 Sydney WEEKEND AUSTRALIAN in English 26-27 Sep 81 p 2

[Article by Peter Dwyer]

[Text] Australian Antarctic scientists believe the nation will lose much of its Antarctic territory to the Russians if it doesn't spend more than \$100 million as soon as possible to reaffirm its claim.

With the territory would go potentially rich oil and mineral deposits the scientists say Australia has been too slow in trying to prove.

The scientists will meet informally in Canberra next week to begin preparing a submission for the federal government on what should be done about mineral exploration.

They want Australia to get on with the job of exploration and study its environmental effects before the present Antarctic treaty runs out in 1991 and the continent is "up for grabs."

Russia has never recognised Australia's Antarctic territory claim and has built four stations of its own in the zone.

The Russian stations are much larger than Australia's Mawson, Davis and Casey, and much more scientifically effective, according to the scientists.

One of them, the deputy director of the Australian Antarctic Division's headquarters in Hobart, Dr Pat Quilty, said yesterday it was scientific performance that counted in the international Antarctic forum.

He said: "If Australia is to have any credibility in that international forum, it must produce results.

"That's where we're being swamped by the Russians. They're doing good work and a lot of it, and they're getting it all published. They have gone in there in a big way.

"We haven't. We've gone down and scratched around to do a few little things with the logistics we have. We now have to sit down and say if we are going to do things in Antarctica, we're going to do them properly.

"The time has come for the Australian Government to decide what to do with its Antarctic claim. I believe the government does not know what it is doing in Antarctica. We are there.

"It is time they found out what they think the Australian people should get out of Antarctica."

The \$100 million-plus the scientists say must be spent covers logistics for the Antarctic operation and does not include the cost of resource exploration.

Dr Quilty said exploration in northern Canada and Alaska, similar to that he anticipated Australia should conduct in Antarctica, received an annual budget of between \$4 million and \$6 million.

The work would mainly involve rebuilding the three Antarctic stations, providing a new ship to service them and building a runway in the ice-free area near Davis station.

The government has already committed \$59 million to a station rebuilding program and work has begun, but the Antarctic Division fears the spending would be worthless unless the government quickly allocates more than \$50 million extra for the new ship and the airstrip and drastically steps up its rebuilding program.

The Danish ships now servicing Australian stations in Antarctica are considered by the division as being near the end of their days, and division officers say there are not many other ice-toughened ships around.

The division says an airstrip would make regular flights by scientists for short research periods possible. At the moment, they either spend several weeks on a boat getting to and from Antarctica or are forced to take infrequent flights through Christchurch, New Zealand, and the American Antarctica station McMurdo.

Scientists say these logistics matters need urgent attention before Australia can be seen to be conducting significant scientific research in its territory and, as a result, be able to stake an acceptable claim.

Dr Quilty said: "One matter that is rearing its head as a major subject in any treaty negotiations after 1991 is minerals, particularly oil.

"There are some areas of Antarctica that could have very high oil potential and it's oil that the world is going to need.

"We need to know what the oil potential of the Australian territories is. If we could show there were areas of high potential, government policy would probably be to hold on to our territories.

"With the Antarctic territories and the Australian continent, Australia lays claim to about 10 percent of the world's land mass and has only 0.3 percent of the world's population. Somewhere, someone is going to notice that imbalance.

"If we want to maintain that sovereignty over the Antarctic we have to be seen internationally to be responsible for the maintenance of the territories."

ANTARCTIC STATIONS IN NEED OF REPAIR

BK140401 Sydney THE AUSTRALIAN in English 1 Oct 81 p 2

[Article by Jane Ford]

[Text] Australia's Antarctic stations are in such disrepair that questions are being raised on whether Australia can continue its role as an effective Antarctic treaty member.

A government committee has found that buildings at Casey, Mawson and Davis stations have deteriorated so much that continuous maintenance is no longer practical and they have to be replaced.

In a report on redevelopment of the stations the parliamentary standing committee on public works said the rebuilding of three stations, at a cost of \$58 million, must go ahead immediately if Australia is to continue scientific research and maintain an effective presence on the continent.

Buildings leaked, non-protected steel was heavily rusted, power shortages were constant and there were serious waste disposal problems. More, safety and efficiency were being affected.

The committee proposed that new buildings be constructed at the three stations over the next 10 years to a new design which would give larger and more attractive living and sleeping quarters, greatly improved generating facilities, better water, waste disposal and fire protection systems, and improved recreation facilities.

The new building system had been field tested in Antarctica and could be prefabricated in Australia and shipped to the continent for erection.

A unique integrated system of sewage and waste disposal had been developed to minimise discharge to the environment. It involved a biological treatment plant, the first to be installed in Antarctica, and a compaction unit for storage of solid waste for removal to Australia.

The committee said there was a need for an urgent investigation into providing Australia's polar stations with air services for travel to and within Antarctica.

A multi-purpose resupply and research vessel was also necessary if Australia was to effectively carry out research into living marine resources.

This proposal, which has been on the drawing board for a number of years, received no funding in the budget and recently the director of the Antarctic Division, Mr C. McCue, told a Senate estimates committee that the division's ship design group had been disbanded and work on the ship had been completed as far as the group could take it. "There is no group and there is no money to pay for it," Mr McCue said.

The parliamentary committee also supported the establishment of a fourth station on the continent and said it should be built in the eastern sector.

"The committee sees the continuing presence in Antarctica as a national commitment, an endeavor in which industry has a very real and vital role to contribute," the report said.

This year's budget allowed just over \$1 million for the start of construction work on the stations.

CSO: 4220/43

CANBERRA'S 'PASSIVE' STAND ON TIMOR CRITICIZED

BKJ10911 Sydney THE AUSTRALIAN in English 6 Oct 81 p 3

[Article by David Wilson]

[Text] The Australian Council for Overseas Aid has criticised the federal government's "passive acceptance" of continuing wholesale violation of human rights in East Timor.

The council called on the government to suspend all military aid to Indonesia until there had been "a genuine process of self-determination in Timor."

The council chairman, Mr Richard Alston, who is also state president of the Victorian Liberal Party, told a council meeting in Melbourne that in view of Indonesia's long history of prevarication on events in East Timor it was impossible to accept Jakarta's denials of a major offensive in that area.

The meeting was responding to Indonesian claims that there was no renewed military action in East Timor to suppress the independence movement.

THE AUSTRALIAN published a report by the Action for World Development Organisation, a joint Catholic-Protestant agency, that a campaign of "pacification" by Indonesian troops in East Timor threatened a serious famine within the next few months.

The report said East Timorese were being forced to join the forces hunting Fretilin (independence) guerrillas and crop-planting was being affected.

The agency said Indonesian forces were destroying food to prevent supplies reaching the guerrillas.

Mr Alston said: "Indonesia's comments are clearly designed to deflect criticism in the coming United Nations debate on the question of East Timor.

"Even the Jakarta press in recent times has reported renewed Indonesian military operations in East Timor.

"Furthermore several overseas aid agency sources at the council meeting have confirmed that such operations are presently under way and are severely dislocating life in East Timor, and are likely to lead to a new famine affecting the lives of thousands of people."

The Council resolved to call on the Commonwealth heads of government meeting and individual Commonwealth countries to condemn Indonesia for its military occupation of East Timor and the denial of self-determination to the Timorese people.

It called also on the Senate to establish a select committee to inquire into all aspects of the federal government's conduct of its policy on East Timor, and reiterated its support for the UN resolution favoring genuine self-determination in East Timor.

The council will:

--Advise the International Committee of the Red Cross in Geneva about the situation in East Timor, urging it to resume its food and medical program and to establish a prison visitation program there and,

--Seek permission from the Indonesian Government for Australian aid agencies to carry out an on-the-spot investigation in East Timor with a view to establishing an aid program there.

CSO: 422 1/43

BRIEFS

UNEMPLOYMENT FIGURES--After several months of improvement, unemployment in Australia has taken a turn to the worst. Bureau of Statistics figures released in Canberra today show the number of people looking for full time work rose by 25,000 in July to 315,000, which amounts to 5.6 percent of the work force. This compares with 5.1 percent unemployment in June and 5.8 percent in July last year. The state most affected is South Australia. Unemployment there stands at 8.6 percent, 2 percent above the national average. [Text] [BK100659 Melbourne Overseas Service in English 0830 GMT 6 Aug 81]

EEC OFFICE IN CANBERRA--The EEC has opened an office in Canberra to try to improve relations with Australia. The EEC will seek regular discussions with government leaders and officials in attempts to overcome Australia's expressed discontent with the EEC marketing policies. The office has been established following discussions between EEC and Prime Minister Fraser 4 years ago. Deputy Prime Minister Anthony recently said that Australia was having a big battle with the EEC's unfair marketing policy. [BK180957 Melbourne Overseas Service in English 0830 GMT 12 Aug 81]

ENERGY CONSUMPTION--Australia's consumption of petroleum products is continuing to fall. Sales for the 10 major petroleum products in 1980-81 are nearly 3 percent lower than in 1979-80 and the lowest for any other annual period since 1976. The largest percentage reduction has occurred in the use of stationary fuel, such as heating oil, industrial and marine diesel fuel and lighting kerosene. However, petrol consumption has risen slightly. Sales of petrol in 1980-81 are less than 1 percent higher than in the previous financial year, but well below the peak level of annual consumption in 1979. The minister for national development and energy said the overall figures show the success of the government policy of encouraging energy conservation and substitution. [BK180957 Melbourne Overseas Service in English 0830 GMT 14 Aug 81]

MINERAL PRODUCTION--The minister for national energy said the value of mineral production in Australia last year has been estimated at a record A\$7,060 million or nearly US\$8,000 million. The Bureau of Mineral Resources has also estimated that mineral export reached A\$6,800 million last year, about US\$7,690 million. Black coal, iron ore and alumina were the major contributors. The value of mineral import last year rose by 63 percent to A\$2,131 million or more than US\$2,400 million. Crude oil was the major import. [BK180957 Melbourne Overseas Service in English 0830 GMT 13 Aug 81]

BALANCE OF PAYMENT--Australia finished the 1980-81 financial year with a record balance of payment surplus of A\$1.15 billion--that is about US\$1.3 billion. It was the first annual surplus for 8 years. The main reason for the surplus was the huge capital inflow of more than A\$6.5 billion, almost double the previous record inflow in the 1978-79 financial year. This capital inflow more than made up for a record current account deficit caused by poorer trading figures. [Text] [BK180957 Melbourne Overseas Service in English 0830 GMT 12 Aug 81]

ENERGY, EARTH RESOURCES INSTITUTE--The federal government has established an Institute of Energy and Earth Resources with three divisions that will concentrate on energy research. The institute is part of the Government Scientific and Industrial Research Organization [CSIRO]. One of its divisions has taken over the non-nuclear research activities of the Australian Atomic Energy Commission. This division would concentrate on chemical research directed toward development of energy resources, such as the extraction of oil from shale and the exploitation of deep coal reserves. It would also support other CSIRO research into the conversion of coal into oil, energy storage and solar energy. The institute's other energy research divisions would be engineering orientated. This division's short-term objectives would include research into how industries could reduce the use of liquid fuel for heat generation and improvement of the engineering efficiency and mobility of the country's transport system. Its long-term goal would be the development of technology necessary to insure balanced utilization of Australia's energy resources. [BK061157 Melbourne Overseas Service in English 0830 GMT 5 Sep 81]

HIGH COMMISSIONER TO CYPRUS--The new Australian high commissioner to Cyprus will be Miss Mary McPherson. Miss McPherson has served in Australian diplomatic services in Europe, the Middle East and Asia since she joined the Foreign Affairs Department in 1937. She is expected to take up her appointment early next year, replacing Miss E. F. Grinwade, who has been acting high commissioner in Cyprus since 1977. [Excerpt] [BK141215 Melbourne Overseas Service in English 0830 GMT 9 Oct 81]

FORECAST OF WHEAT CROPS--Canberra, 12 Oct (AFP)--Australian wheat crops of over 20 million tonnes were forecast by Sir Leslie Price, chairman of the Australian Wheat Board, at the launching of the board's new corporate strategy. The forecast of bigger crops was based on projections that wheat plantings would rise from 12 million hectares to 13.6 million hectares in 1985-6. [Text] [BK141215 Hong Kong AFP in English 0243 GMT 12 Oct 81]

TRADING GROWTH WITH IRAQ--The federal government is expecting a boost to its trade with Iraq. The minister for housing and construction, Mr Mc Veigh, said that in addition to primary products, Iraq was keen to increase its imports from Australia of items such as agricultural machinery, veterinary products, air coolers and medical products. Mr Mc Veigh said Australia's exports to Iraq had grown fivefold over the past 4 years to be worth \$226 million last financial year. Mr Mc Veigh has been visiting Iraq as part of a trade mission to four nations and held talks with the Iraqi president, Mr Saddam Husayn. [Text] [BK110909 Melbourne Overseas Service in English 0830 GMT 11 Oct 81]

RECORD QUARTERLY PAYMENT DEFICIT--The Australian Government has announced its highest quarterly balance of payments deficit. A Radio Australia reporter in Canberra says the deficit, which means Australia is buying more than it is selling overseas, may force the government to consider selling Australian goods overseas at cheaper prices. The figures show the deficit for the September quarter to be more than \$2.2 billion, that is, more than U.S. \$2.5 billion. (Cassidy) says the government was relying on foreign investment as a means of controlling the deficit. Now that this has failed, he says, the opposition economics spokesman, Mr (?Willis), has charged that the government's economic strategy is in disarray. The treasurer, Mr Howard, has told Parliament the deficit is much higher than the government thought it would be. [Excerpt] [BK130936 Melbourne Overseas Service in English 0830 GMT 13 Oct 81]

TRADE BALANCE FAVORS INDONESIA--The resumption of Indonesian oil sales to Australia tipped the balance of trade between the two countries last financial year in Indonesia's favor for the first time in a decade. The assistant Australian minister for trade and resources, Mr McVeigh, said the value of trade between Indonesia and Australia last financial year was almost U.S. \$900 million, about \$66 million of which was in Indonesia's favor. Speaking in Jakarta at the end of the 2-day visit to Indonesia, Mr McVeigh said the accelerated growth of trade between the two countries was largely a reflection of the resumption of oil sales to Australia. Indonesia's other main exports to Australia were coffee, rubber and tea. Mr McVeigh said Australia's main exports to Indonesia were wheat, zinc, iron, steel, refined petroleum and livestock. [Text] [BK171215 Melbourne Overseas Service in English 1130 GMT 17 Oct 81]

COPPER ORE RESERVES--Increased copper ore reserves at the Mount Isa Mines [MIM] are indicated in MIM's annual report released on 19 October. The report says that Mount Isa Mines have an estimated 180 million tons of ore averaging 3 percent copper. Radio Australia finance reporter in Brisbane says the latest copper ore reserves are 60 million tons more than stated in last year's annual report. The annual report also shows for the first time that MIM's silver, lead and zinc mine just north of Mount Isa will be brought into full-scale production in the first half of the 1990's. Ore extraction under trial mining conditions at the (Hilton) mine will begin in 1985. [Text] [Melbourne Overseas Service in English 1130 GMT 19 Oct 81 BK]

RURAL PRODUCTION--Canberra, 20 Oct (AFP)--Australian rural production in real terms will decline by 8 percent, according to the Australian Government's Bureau of Agricultural Economics. The bureau, in its official statistics today, said the growth value would show an increase of 9 percent over the drought affected result of last year, but rising farm costs would offset the increase. After allowing for inflation, the net value would decline by 8 percent. Crop production, as against value, would reach high levels. Export returns from major commodities such as wool and wheat will be dampened by the economic recession in industrialised countries. The Bureau of Agricultural Economics released these figures in advance of its normal quarterly review, due in mid-November. [Excerpt] [Hong Kong AFP in English 0631 GMT 20 Oct 81 BK]

FEDERAL POLICE MAIL INTERCEPT POWERS--The federal government may soon give federal police the powers to intercept mail and have access to records for its drug trafficking investigation. The minister for administrative services, Mr Newman, told Parliament today the government was examining the proposal put forward by the (Williams) Royal Commission Into Drugs. But Mr Newman said it was essential to protect the honest citizens' right when working out controls if federal police should be given the power to intercept mail and examine taxation records. [Text] [BK220730 Melbourne Overseas Service in English 0500 GMT 23 Oct 81]

CSO: 4220/43

BRIEFS

OIL DEPLETION RATE--Brunei's oil reserves will be depleted in 20 years time, if production continued at the present rate. This was stated by the Brunei Shell Petroleum technical director, Mr (John Whybrook), in the company's quarterly bulletin. In view of this, the company will channel future investment into exploitation of gas. [Text] [BK041524 Kuala Lumpur International Service in English 0600 GMT 4 Oct 81]

CSO: 4220/43

BURMA

BRIEFS

BATTLE REPORT--Combat news: On 8 September, a mine attack conducted by the people's army between Lauhkaung and (Ni Lan Koh) in Lauhkaung district located northeast of Myitkyina wounded two enemy soldiers. On 14 September, an attack conducted by a small unit of the people's army at (Hai Khan) village in (Ka Mauk) located east of Mong Kung killed three enemy soldiers and wounded some. News on presentation of a gun by a villager after his killing of a mercenary. On 2 September, a villager from Mong Kung township killed a mercenary from the military government's mercenary army who had been terrorizing them in various ways. A carbine and shells carried by the mercenary were handed over to the people's army. [Text] [BK031257 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 2 Oct 81]

HALF-YEARLY BATTLE REPORT REVIEW--Combat news on the total number of battles fought during the first half of 1981 in eastern Keng Tung. During the first half of 1981, that is from 1 January to 30 June, the people and the people's army of eastern Keng Tung fought a total of 276 major and minor battles against the enemy. During these battles, 342 enemy soldiers were killed, 309 were wounded and 21 were taken prisoner. Hence, a total of 672 enemies were put out of action. A total of 129 weapons were seized from the enemy: 10 pistols, 21 G-2's, 20 G-3's, 16 G-4's, 29 carbines, 11 rifles, 7 sten guns, 4 M-79 mortars with folding stocks, and 11 2-inch mortars. Also seized by the people's army were: 69 hand grenades, 250 rounds of 2-inch mortar shells, 75 3-inch mortar shells, 120 shells, 120 shells for M79 mortars with folding stocks, 15 75-MM recoilless fieldgun shells, 72,000 rounds of ammunition of other types, 1 generator, mules and military equipment. Moreover, 15 enemy vehicles were attacked and destroyed. [Text] [BK261224 (Clandestine) Voice of the People of Burma in Burmese to Burma 1200 GMT 26 Sep 81]

CSO: 4211/2

KASHMIR CONTINUES PUSH FOR AUTONOMY FROM NEW DELHI

London 8 DAYS in English 12 Sep 81 p 24

[Article by Sundar Rajan: "Kashmir's Lion Bares His Teeth"]

[Text]

SHEIKH MOHOMMED ABDULLAH, the 'Lion of Kashmir,' accepts that the Himalayan state is 'an integral part of India,' but never lets New Delhi forget that it is fundamentally different from India's other states.

He has once again reminded Prime Minister Gandhi that the Kashmiris are determined to maintain the state's autonomous status as the country's only one with a Muslim majority, and to fight for the abrogation of 300 federal laws extended to Kashmir without prior consultation with his National Conference Party.

The occasion was the installation of his 43-year-old son, Farooq Abdullah, as president of the National Conference Party, a post the sheikh held for 40 years. He remains the state's chief minister, but has hinted that he might retire in favour of Farooq after the next elections to the legislative assembly, due in two years. He intends to make sure that the political leadership in Kashmir is in safe hands after his death — he is already 76, and ailing.

Farooq's inauguration in Srinagar was marked by much enthusiasm. The crowds — partly drummed up — and the fiery speeches directed at New Delhi were meant to impress upon the Gandhi government that the sheikh and his National Conference Party alone matter in Kashmir. According to observers, the sheikh does not really expect Gandhi to repeal the 300 laws 'imposed' on his state. Nor does he expect a return to the status quo which prevailed at the time of the partition of the subcontinent, when the Hindu maharajah of Kashmir had yielded to the central government only defence, foreign affairs and communi-

cations. But the demand will help Farooq Abdullah rally Kashmiri Muslims behind him, and make up for the fact that he lacks his father's charisma.

A committee of the sheikh's cabinet has prepared a report on what needs to be done to enable Kashmir regain a fully autonomous status within the Indian union. The emphasis will be on negotiations with the federal authorities.

A senior National Conference Party official told *8 Days* that if the talks fail, 'the struggle for complete internal autonomy will take other forms.' He did not rule out an open confrontation with the central government 'even if it means the National Conference having to leave office,' and added that the theme of complete autonomy would dominate the next election manifesto.

Gandhi is under pressure from elements in her Congress Party to invoke federal powers and dismiss the Abdullah regime, paving the way for a mid-term election to the state assembly. But she seems realistic enough to appreciate that her party in Kashmir has little hope of winning the election. At the same time, she does not think that the sheikh or his son can afford to court open confrontation.

Though anti-Indian sentiment has grown in Kashmir in the last three years, New Delhi feels that it is in the sheikh's own interests to keep the militant pro-Pakistani elements under control. He clearly does not want to exchange Indian for Pakistani suzerainty. Abdullah's biggest problem is that Kashmir gets nearly 75 per cent of its finances from New Delhi, and would go bankrupt without this money.

USSR MEDICAL TEAM STEPS UP DRUG PURCHASES

London 8 DAYS in English 12 Sep 81 p 25

[Article: "Soviets Buy Indian Drugs"]

[Text]

THE SOVIET Union is stepping up its drug purchases from India, and will give preference to national companies over multinationals operating in the country according to a Soviet medical team which recently visited Indian pharmaceutical factories. India is currently exporting Indian rupees — 400m (\$44m) worth of drugs to the Soviet Union, but the share of Indian national companies in this so far is only around 25 per cent or even less, according to industry sources.

Dr Vladimir Lepakin, the leader of the Soviet medical team, said that his country is interested in buying larger quantities of Indian drugs for the treatment of cardiovascular and kidney ailments. Apparently, some Indian herbal medicines had highly impressed Soviet doctors — one which Lepakin specifically mentioned is for the treatment of liver disorders. Interest in this seems to have been sparked by growing alcoholism in the Soviet Union.

Dr Lepakin categorically denied published reports that the Soviet Union still preferred to import drugs produced under brand names. While admitting that drugs produced under certain brand names offered considerable guarantees of reliability, he said that the Soviet Union was encouraging the use of drugs under generic names, as a matter of policy.

I.A. Modi, managing director of a leading Indian drug firm, said that the Soviet delegation got a firm assurance that the quality of drugs produced by Indian national companies was in no way inferior to those produced by multinationals. He was happy about the Soviet response.

CSO: 4220/44

FAR EAST EXPERT ANALYZES CHINA'S ATTITUDE

Jakarta KOMPAS in Indonesia 14 Aug 81 pp 1, 5

[Article: "Dr Lie Tek Tjeng Believes That Relations for 'Political and Morale Reasons Is Stated Honestly; in Politics There Is No Absolute Guarantee"]

[Excerpts] The statement of Zhao Ziyang, prime minister of the People's Republic of China, to the effect that China's relations with communist parties or movements in the Philippines, Thailand, Malaysia, and Indonesia are limited to "politics and morale" is reasonably honest and can be upheld politically.

Since, Dr Lie Tek Tjeng replied in response to a question from KOMPAS on Thursday [13 August], there is no absolute guarantee, of course, in political affairs. "If you play poker, there are rules of the game so the rule for political affairs is that there is no absolute guarantee," Dr Kie said. He is an expert on problems of the Far East at the Indonesian Science Institute's National Cultural Research Institute. "According to Einstein, everything is relative; nothing is absolute. One cannot rely 100 percent on the other side," he added.

Prime Minister Zhao, during his visits to all ASEAN [Association of Southeast Asian Nations] except Indonesia, on the one hand said there would be no interference in ASEAN nation efforts to "handle" the communist movements in their own countries. On the other hand he said the PRC still has "Political and morale" relations with communist movements.

According to Dr Lie, Zhao's statement is consistent with the stance taken by the late Prime Minister Chou Enlai and that of the current strong man, Deng Xiaoping. "It is reasonably honest and its honesty, of course, should be respected," he said.

Dr Lie said this is a genuine response and is the maximum endeavor to be made by the Chinese in response to the ASEAN nation request that they relinquish their support to the communist movements in the Southeast Asian region, as was pointed out by Dr Mahathir, Malaysian prime minister. Yet the opposite is true for the PRC. The Chinese are model bargainers. They will grant the minimum possible of that which is demanded by the other side because they, of course, cannot meet the maximum demand.

The reasons the PRC cannot meet this demand, the Far East expert said, among other reasons, is that the PRC fears that if it breaks off relations altogether with communist party movements in these nations, there is a very great possibility that they will change course, turn toward Moscow or Hanoi, which is becoming China's primary enemy.

Dr. Lie believes that what the PRC appeared to be offering ASEAN nations recently is that Beijing no longer will provide logistic or materiel aid to communist movements to oppose the respective local governments. It is not offering this aid because the PRC views state-to-state relations more important than relations with these communist parties. Therefore, ties with communist parties or movements in these nations have been reduced to a level below relations between nation states.

In any case, Lie Tek Tjeng said, the PRC still would like to have a "foothold" in Southeast Asia. For that reason, China persists in aiding the Khmer Rouge regime of Pol Pot which it hopes will become China's foothold in this region of the regime can regain power.

In connection with PRC efforts to seek a foothold in Southeast Asia, Dr. Lie reminded his listeners of the need for nations such as Thailand to remain vigilant because the PRC's fullest support to Bangkok in the past, including oil supplies and so on, in the long run can be a "binding" factor. ASEAN's overall position will be made more difficult later with such close ties between Thailand and the PRC. "And of course, Vietnam is aware of this," Dr. Lie reminded further.

If the situation changes in the future, Dr. Lie said, for instance if the PRC becomes reconciled with the Soviet Union, if PRC modernization is successful and therefore China no longer needs the United States or Japan, and further if the next generation of Chinese leaders are members of the radical group, it is not improbable that the aim will be the communizing of Southeast Asia. And in such a situation and under such conditions, Chinese activities will be based on communist movements in the Southeast or ASEAN nations.

"But for now, no, because China fears that if it acts harshly toward ASEAN nations, these nations could be persuaded to lean toward the Soviet Union. Yet, if that fear is no longer present, if China and the Soviet Union are reconciled, the situation and conditions, of course, are also different," Lie Tek Tjeng said.

He added, there is nothing unusual about the "political and morale" relations put forward by Prime Minister Zhao Ziyang. Since they have the same ideology, China's sympathy lies with the ideological movements outside its own country. But having sympathy for them does not have to mean it must provide direct aid. "The same thing could occur if a follower of a religion were oppressed somewhere. It would be natural for followers of the same religion everywhere to sympathize with him but at the same time they did not offer direct aid," Dr. Lie said.

6804

CSO: 4213/01

JAPANESE OFFERS BUSINESS ADVICE

Jakarts KOMPAS in Indonesian 25 Aug 81 pp 1, 9

[Article: "Japan's Advice: Private Sector Must Be Invited To Help Formulate Economic Policies"]

[Excerpts] Japanese companies in Indonesia are very interested in immediately settling the technology transfer process. By doing so they can rapidly use their expert manpower in their own companies where such workers may be used more profitably. "However government interference is an obstacle to taking care of this matter," Eiichi Hashimoto said. He is the principal adviser of Mitsui & Company and chairman of the Japan-Indonesia Economic Committee made these remarks at the ninth Indonesia-Japan conference at the Hyatt Bumi Hotel in Surabaya last week. The conference was sponsored by CSIS [Center for Strategic and International Studies].

Hashimoto explained that many joint venture companies had sent their Indonesian specialists to Japan for training and apparently many were disappointed when many of these specialists went to other jobs after they returned to Indonesia.

After quoting Industries Minister Soehod to the effect that Indonesia would experience a shortage of experts in the future because of the very accelerated rate of industrialization, Hashimoto asked whether the statement did not conflict with the Indonesian government's pressure to repatriate their foreign manpower?

Pointing to past experience, Hashimoto said Japan had resolved the problem of transferring its textile industry to other countries and is now studying the possibility of also shifting heavy industry such as the aluminum industry [to other countries]. "Naturally if such an industry leaves, Japan will select a country which has the most potential for creating a good climate for capital investment and one that is politically stable," he said.

Hashimoto added, considering the friendly relations between Japan and ASEAN [Association of Southeast Asian Nations], particularly Indonesia, "I feel it would be very advantageous for Indonesia to get capital investment and technology transfers that are adapted to its industrialization policy."

Continuing in the same vein, Hashimoto reminded his listeners that generally private capital investors were very "nervous" and therefore Indonesia needed to negotiate more satisfactory terms to attract foreign investors.

Generally foreign capital investment in developing nations can be planned so that its purposes are clear and can be handled in a businesslike way, for example, by providing marketing information, the technology transfer process, and oversight by an investor of his capital investment. Very unfortunately foreign investors in Indonesia are forced to allocate more capital than planned originally, and they continually are confronted with numerous uncertainties. "I am forced to say that this will destroy the business climate for the two parties!" Hashimoto said.

Eiichi Hashimoto expanded in detail, one after another, on problems that arise for foreign capital investment in Indonesia, categorizing them into six basic problems.

They include, one, the joint venture period of 30 years is too short considering that manufacturing projects are forced to expand their operations as changes occur in the economic situation. In any case, the short time period supports those who seek huge, quick profits.

Second, capital transfer. Aside from the fact that very few Indonesian businessmen invest in joint ventures, the Indonesian government wants the capital transfer to be done jointly. Meanwhile the terms for expanding capital for the respective companies differ and this causes complications.

Third, the technology transfer process.

Fourth, prohibition of reinvestment by joint companies. Reinvestment of capital is permitted in all ASEAN countries but Indonesia.

Fifth, the need to improve the investment climate. Hopes for an improved investment climate include improvement of the infrastructure, the taxation system, and similar factors.

Sixth, the need for a neutral institution for settling labor disputes.

Eiichi Hashimoto said he had submitted a request to the Indonesian government for the very great need to get opinions from the private sector when the government planned a general economic policy. "Of course, this need not be done if sensitive matters are involved," he said.

Hashimoto believes this would be of benefit for the experience as well as comprehension of the private sector, and it would raise the entrepreneurial level. He used the example of the Japanese Ministry of International Trade and Industry (MITI) which consults with the private business sector each time it plans a new policy for the industrial or economic sector.

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TEAM FORMED TO PREVENT LABOR DISPUTES

Jakarta KOMPAS in Indonesian 28 Aug 81 pp 1, 12

[Article: "PANGKOPKAMTIB Says Company Labor Union Leaders Must Be Good Men"]

[Excerpts] Labor organizations (FBIS [All-Indonesia Labor Federation]) absolutely must be formed in any private business that employs 25 or more workers because this is important for supporting and guiding the aspirations of the labor force and also for preventing disputes which occur between workers and employers.

PANGKOPKAMTIB [commander of the Restoration of Security and Order Command] Adm Sudomo so clarified when he discussed the formation and mission of TBMP (Labor Problems Assistance Team) in Jakarta on Thursday [27 August].

The PANGKOPKAMTIB said the "Labor Problems Assistance Team" formation was based on a decision of the NAKERTRANS [manpower, transmigration and cooperatives] minister of last May. This new body or institution includes elements of the NAKERTRANS Department, representatives of the FBSI Central Executive Council, PUSPI/KADIN [Indonesian Businessmen's Conference on Social Affairs/Indonesian Chamber of Commerce and Industry], security elements (Central Operation Order Unit), and representatives of a number of other departments whose mission involves labor problems.

The formation of TBMP, he said, in no way competes with or takes over the mission and responsibilities of P4D and P4P (regional and central Committees for the Settlement of Labor Disputes) but is concerned solely with the prevention of strikes, "lock outs" (the closing down of a company by employers as a response against workers who are on strike), or other similar measures. Such disputes will continue to arise and can affect economic stability and national security.

Sudomo stated the P4D and P4P mission to date has been limited to settling strikes or labor problems that have already occurred while the formation and mission of TBMP is by nature preventive, name./, to prevent the occurrence of such strikes or conflicts of interest between workers and employers.

Thus the mission of settling labor problems continues to be and becomes the responsibility of the NAKERTRANS Department (P4D and P4P), and other agencies whose mission concerns labor problems. Only after these agencies and elements are unable to handle the problem will TBMP, headed by Oetoyo Oesman, Binalindung [Development of Manpower Protection], director general "interfere" to settle the labor problem.

The PANGKOPKAMTIB clarified that development activities are increasing and the public is beginning to feel the results. To guarantee the continuation of this development, a good climate must be created as a basis, particularly for guaranteeing economic stability and national security.

Therefore, the government does not want and prohibits labor strikes, "lockouts," or other similar measures. "Consequently the government has formed TBMP to prevent conflicts of interest between workers and employers," the PANGKOPKAMTIB remarked.

To date strikes have occurred, he said, because of a lack of harmonious communication between the workers and employers involved. Both sides only looked to their own interests.

Unfortunately also both sides tended to blacken each other after the strikes or "lockouts" were over. This could be prevented or resolved through the principle of discussion and agreement which is at the heart of the HPP (Pancasila Labor Relations) system.

Employers must have an open mind toward their workers. Employers must also pay attention to their workers' welfare including guarantees of social security. This includes wages, family welfare, career building, and so on. All of these matters can be included in the "Company Regulation," industrial cooperative agreement (PKB/CLA), and so on. "Of course, these must be adapted to the actual capabilities of the company," the PANGKOPKAMTIB reminded.

Conversely, workers must also meet the positive attitude of the employers, namely, they must want to work hard to increase production and also have the necessary discipline to do this.

PANGKOPKAMTIB Sudomo seemed to shake his head on hearing reports of a number of FBSI leaders. Essentially they reported that employers in general refused or put obstacles in the way of forming a basic FBSI in their companies or pressured labor by various means that conflicted with the law or regulations in effect.

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PROBLEMS IN INSTITUTING MINIMUM WAGE DISCUSSED

Jakarta KOMPAS in Indonesian 25 Aug 81 pp 1, 9

[Article: "Without a Report the Government Doesn't Know How Low Wages Are; Employers Pay on the Basis of Productivity Rather than KFM"]

[Excerpts] Wages in Indonesia are among the lowest paid in other countries. Thus, the government is trying to raise the minimum wage and adapt it to employers' ability to pay such wages. Although capital investment is increasing in Indonesia, it still is not paralleled by increased job opportunities because much of the investment is capital intensive.

Harun Zain, minister of manpower and transmigration, made these remarks to newsmen on Monday [24 August] at the Department of Industries in conjunction with the opening of the national working meeting on the textile industry.

Meanwhile, Drs Frans Seda, member of the Advisory Board of the Federation of Indonesian Textile Industry Associations, believes that Indonesian wages correspond to the rate of productivity. If wages are to be increased, productivity must also be increased.

"Workers who are paid less than the minimum wage should report this fact because the government will have no information without those complaints and employers will care less about the discrepancy," Harun Zain said.

The minister believes there are problems in comparing the low wages in Indonesia with subsistence. For instance, it is almost impossible for a worker's family to live on the daily minimum wage of 600 rupiah in Jakarta. In a number of other areas, for instance in East Java, the minimum wage for someone who makes kretek [clove] cigarettes is only 250 rupiah a day.

However, Minister Harun Zain said, it is difficult to enforce the payment of a minimum wage. Information must be available on the financial level at which a business operates so that the business does not shut down, resulting in unemployment for the workers.

Minister Zain used Bali as an example. When the minimum wage was enforced, businessmen moved their operations to other locations because they could not pay the minimum wage. It is not possible to set one minimum wage because business conditions differ. Therefore the minimum wage is set per area and per sector.

The minister said the government will have no information unless it receives reports from the workers. The government usually handles the situation after there has been a dispute between an employer and his workers. The government, of course, has supervisory personnel to oversee manpower problems, but there are not enough of them to cover all industries now in operation. For instance, there are only 26 government manpower supervisors for the 13,000 industries in East Java.

Agreement on a minimum wage must be achieved through negotiation among workers, employers and the regional government. The minimum wage changes each year in line with needs and the rate of inflation. All sectors and regions do not as yet have a minimum wage.

Minister Harun Zain acknowledged that wages were low in Indonesia because, among other reasons, productivity is low. Low productivity is due to the limited education of the workers. According to the latest census figures, 50 percent of Indonesia's population is in the work force, the majority of whom, or 70 percent, apparently have not graduated from elementary school. With such a large supply of relatively uneducated workers, of course it is difficult to get a high wage.

Drs Seda, who also has a ready-made clothing business, believes Indonesian wages, particularly those in the textile field, already correspond to the rate of productivity. He stressed that this is a separate matter from that of KFM (minimum physical requirement).

He admitted that if one looks at the matter from a KFM aspect, Indonesian wages are too low. However, if an employer must pay wages in line with the KFM, the company will go out of business because it cannot afford to pay at that rate. Businessmen will only pay wages that are based on productivity and not on the basis of KFM. If productivity increases, wages will also increase but higher wages will not raise productivity directly.

"I have already tried to increase wages but apparently this did not raise productivity," Frans Seda said.

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SYDNEY WEEKLY ON INDONESIAN CAMPAIGN IN TIMOR

BK140913 Sydney WEEKEND AUSTRALIAN in English 3-4 Oct 81 p 1

[Article by Robin Osborne]

[Text] A campaign of "pacification" by more than 3,000 Indonesian troops in East Timor will cause a serious famine within the next few months, according to church sources in the East Timorese capital, Dili.

Citing a report from there, a spokesman for the aid group, Action for World Development, a joint Roman Catholic-Protestant agency, said Indonesia's tactics in Operation Keamanan (pacification) would be the direct cause of the starvation.

The report says:

--East Timorese conscripted into the Indonesian Army are being maltreated and ill-fed and some conscripts have died.

--Indonesian troops are destroying food so guerrillas of the Fretilin (independence) movement cannot get it.

--There have been mass jailings of people believed to be sympathetic to the freedom movement.

The report says: "In an attempt to eliminate all resistance--which includes supporters and their families--the authorities have conscripted large numbers of Timorese males aged between 15 and 50."

The spokesman said there was a desperate shortage of labor to prepare fields for the planting of corn, the main crop.

He said, "The growing season starts with the rains around November but by then, even if the men do come home from the front line, they will be too weak to work."

The Catholic sources report conscripts are becoming ill while with the Indonesian troops and many have died of malnutrition.

The spokesman said: "The army is using a traditional Indonesian tactic somewhat akin to, say, a grouse shoot. Many men, both troops and conscripts, move in an extended line crying out in an attempt to flush out the resistance."

As they do this, the attacking forces move through villages helping themselves to the locals' food.

The spokesman said: "Although the army is supposed to provide its own food, in fact, the supply lines are stretched and the troops are stripping the land rather like a plague of locusts.

"If the food isn't needed, then it's destroyed so as to deny it to guerrillas. As a result of this, even more villagers are forced to abandon their farms and migrate to the lowlands."

There reports say, the Timorese are either shot as suspected Fretilin supporters or herded into refugee camps.

According to the agency, the situation in the camps has deteriorated since the main aid groups, Catholic Relief Service and the International Committee of the Red Cross, wound up their operations this year.

The aim of Operation Keamanan is the creation of a pincer movement from east and west converging on the plains around the coastal town of Manatuto.

According to a recent letter from a Catholic official, schools and government offices in the district have been closed and most able-bodied citizens aged between nine and 60 have been forced to join the Indonesian patrols.

In addition to the conscriptions, there have been mass jailings of people deemed unsympathetic to Indonesia. There are at least eight prisons in East Timor, the largest being the island of Atauro, off Dili.

The Catholic Church remains a thorn in the side of Indonesia's claims over Timor. Although it has not publicly denounced the takeover, the Vatican's policy is that East Timor is an occupied country.

It is believed the Protestant Churches' Relief Program is also experiencing problems with the Indonesian authorities in Timor and has now restricted itself to Dili.

This latest battle to control Timor was foreshadowed by a major exercise in eastern Indonesia in April involving 35,000 troops as well as ships and aircraft. Australia's defence attache in Jakarta attended the exercise.

CSO: 4220/43

EAST TIMOR AGRICULTURAL DEVELOPMENT TO BE ACCELERATED

Jakarta KOMPAS in Indonesian 25 Aug 81 p 2

[Article: "Agricultural Development To be Accelerated in East Timor; Critical Acreage Is Expanding"]

[Excerpts] Agricultural development in the newest province of East Timor is to be accelerated since security is improving there. In the fourth and fifth (final) years of PELITA III [third five-year development plan], agricultural development in that area will be focused on rehabilitating agricultural facilities which were destroyed during the "war". The developmental spirit of the local community will also be aroused, for the people were severely oppressed during the almost 500-year long Portuguese colonial domination.

This information was provided by Dr Eng Achmad Tunggul Birowo, chief of the Planning Bureau of the Department of Agriculture concurrently TKPP (Agricultural Development Coordination Team) chairman for the East Timor Province, to newsmen after the "Seminar for East Timor Agricultural Development" was officially opened in the city of Dili last week.

With agricultural development, it is intended that the East Timor Province will become self-sufficient rapidly in the food sector. This includes self-sufficiency in corn, rice, secondary crops, and other foodstuffs. "It is optimistic to feel this program can be carried out because East Timor has a population of only some 550,000 persons," he said.

Other measures consist of rehabilitating and increasing traditional commodity production for export as well as for domestic requirements. This includes coffee, coconuts, cattle raising, hides, and sandalwood production.

The fishery sector, especially sea fishery, also has priority for immediate development in the East Timor region because fishing was never developed during the Portuguese colonial period. The idea was that a population isolated and unable to communicate with people in other areas would be less dangerous to the political interests of that colony.

Dr A. T. Birowo said for the 5 years (since 1976) that East Timor has been integrated into the Republic of Indonesia, the central government has been and is implementing two large programs there, namely, rehabilitation projects and increasing the activities there of directorates general in the Department of Agriculture circles which

include the Directorates General for Food Crops, Estates, Fisheries, Forestry, and Animal Husbandry. In the Bobonaro (Maliana) Regency, located on the border between East Nusatenggara and East Timor, it is carrying out unified agricultural projects (food crops and animal husbandry).

The central government had budgeted about 2 billion rupiah to support both of these big programs, he said. This was realized through providing thousands of cows for breeding as well as the construction of irrigation projects around Maliana to create about 100,000 hectares of wet ricefields and dry land.

The development packages which have and will be carried out in the East Timor region are created as unified projects, for instance, agricultural development is tied in with development of training, health facilities, and so on.

With such programs it is expected that development of the East Timor region can be accelerated so that by the end of PELITA IV socio-economic conditions and other aspects of East Timor will equal those in other provinces or at the minimum will be the same as those in the East Nusatenggara Province.

In an earlier speech, Dr Sukotjo described a study made by Pakuan University in Bogor using aerial photography. The study showed that the environment and natural resources of the East Timor region are "seriously damaged." For example, forest acreage there is rapidly diminishing; there is considerable land erosion; and the slash-and-burn system in the forests is still being used for cultivation by much of the population in the interior.

He also said the acreage of critical land is expanding; moreover, of the scores of rivers in the East Timor region, water can flow throughout the year in only five. Further in a number of rivers the flow is blocked or is absorbed into the barren earth before it reaches the sea.

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CSO: 4213/01

CONSTRUCTION, SHIPPING AGREEMENTS WITH SOUTH KOREA

Precedence in Construction Projects

Jakarta KOMPAS in Indonesian 23 Jul 81 p 2

[Text] Indonesia will give precedence to South Korean firms whenever bids are open to the international community on projects supported by the national budget or financed through international organizations, that is whenever civilian projects call for cooperation between foreign concerns and Indonesian contractors.

For its part, South Korea is to provide study opportunities in South Korea for managers, engineers, technicians and other skilled workers from Indonesia. Every year for the next 5 years South Korea will provide teachers and facilities for Indonesians who travel to South Korea for study. Indonesia will pay for transportation expenses.

So stated an agreement, in part, between Indonesia and South Korea, that was witnessed by Purnomosidi, minister of public works, during his visit to South Korea last week. The contract itself was made between Park Tong-kyu of the Overseas Construction Association of Korea (OCAK) and Edi Kowara of the Indonesian Contractors Association (AKI). Nam Duck-woo, South Korea's minister of construction [sic] also witnessed the contract-signing ceremony.

Moreover, the agreement states that South Korea will give precedence to Indonesian construction firms (i.e., the Indonesian Consortium of Construction Industries) as partners in Middle East contracts. South Korea also agrees to provide on-the-job training opportunities for Indonesian workers in the Middle East.

According to Edi Kowara, when bidding is opened on a contract for a liquified natural gas refinery, the Indonesian Government will give precedence to South Korean firms as the main contractors. Bidding on the \$2.8 million project will soon begin.

In another matter, Indonesia is now making arrangements so that South Korean contractors can become the sub-contractors in some large projects valued at \$4 million. The United States and Japan are providing most of the financial backing for the projects, which constitute part of the Third Five-Year Development Plan.

Indonesia and South Korea has cooperated in quite a few construction projects in the past. For example, the Jagorawi toll road was built by South Korean contractor Hyundai. Several South Korean contractors are currently working on other road-building projects, such as a number of branch roads in Sumatra and part of the Jakarta-Merak toll road.

But the two nations have long cooperated with each other, beginning with projects in the Middle East, in an effort to expand construction services to foreign countries. Most Indonesian contractors operating in the Middle East are sub-contractors of South Korean firms. The total value of the Middle East contracts comes to about \$700 million. The contracts are the largest ever made by Indonesian firms up till now.

Cargo Dispute Settled

Jakarta SINAR HARAPAN in Indonesian 25 Jul 81 p 11

[Text] The fate of an Indonesian-South Korean shipping agreement, which was scheduled to go into effect 1 September 1981, was brought into question in connection with a misunderstanding that occurred last June. The dispute occurred when the South Korean Government made it difficult for Indonesian ships to transport South Korean exports to Indonesia.

These efforts on South Korea's part caused Indonesia to counter with similar measures. South Koreans found it difficult to transport goods from Indonesia to their own country. Yet, South Korean ships headed for other countries with Indonesian exports on board encountered no difficulties at all.

SINAR HARAPAN's source said South Korea made shipping procedures difficult on the basis of the Shipping Promotion Law, which requires that South Korean exports be transported by national carriers, unless foreign carriers have received special permission.

The fast-growing trade relations between Indonesia and South Korea, which have stimulated national lines to transport South Korean imports, have come into conflict under the Promotion Law. Faced by that regulation, the director general of sea communications together with the Indonesian National Shipowners Association (INSA) called for discussions with the Korean Maritime Port Authority and the Korea Shipowner Association (KSA).

In April, 1981 a shipping agreement ("Liner Agreement") was reached. It will go into effect on 1 September 1981. Before that date, KSA will see that INSA carriers will not need special permission to transport goods. INSA is to assist South Korean ships transporting goods from Indonesia to South Korea.

It was reported that the South Koreans apologized for any difficulties encountered by Indonesian national carriers. By July service was back to normal for the Indonesian lines.

Whether the misunderstanding would have an effect on the Liner Agreement, the spokesman only said that he hoped it would not.

SINAR HARAPAN's source said South Korea probably made things difficult for Indonesian lines because of the joint directive of three ministers which placed a limit on timber exports (logs) to several countries. South Korea is one of the nations on good terms with Indonesia that has imported large amounts of Indonesian timber for its plywood industry. But there was a drastic reduction in shipments of logs to South Korea after the joint directive went into effect. Several South Korean

plywood factories almost had to close down. At the same time, Indonesia began to emerge as one of the chief exporters of plywood in the world. Till now South Korea has been the foremost exporter of plywood.

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CSO: 4213/93

COAL SHORTAGE PROJECTED FOR 1984, FOLLOWING YEARS

Large Imports Predicted

Jakarta SINAR HARAPAN in Indonesian 22 Jul 81 p 11

[Excerpts] Indonesia will have a 22,000 ton coal surplus in 1981 according to estimates based on comparisons between production and consumption. In 1982 the surplus will decrease to 17,000 tons. But in 1983 the surplus is to leap to 376,000 tons.

Drs. Hardjoko Saputra, public relations spokesman for the Department of Mines and Energy, said to SINAR HARAPAN that the 376,000 ton surplus in 1983 is the highest amount that can be reached because in the following years Indonesia will face quite large production shortages.

According to projections for 1984, Indonesia will experience a coal shortage of 289,000 tons in the supply to cement factories, PLN [State Electric Company], tin smelting industries, PJKA [railway system] and private users. The shortages will occur because it is felt the increase in production will be far smaller than the increase in consumption.

Beginning in 1984 the government must import large quantities of coal in order to overcome the shortages. Imports are expected to jump to 2.6 million tons in 1985 and to double that figure (to 5.3 million tons) in 1988. According to SINAR HARAPAN's source, large amounts of coal will probably be imported from Australia and be located on Batam Island.

In response to a question, Saputra said that although unmined Indonesian coal reserves are now quite large, future needs will also be great. In the not too distant future Indonesia will be forced to import coal in order to satisfy increasing consumption.

Saputra explained that the General Policy Design in the Field of Energy now being compiled by the government emphasizes the point that national energy policy will be directed toward decreasing dependence on oil and replacing oil as an energy source with other sources, such as coal, geothermal energy, hydroelectric power and natural gas.

According to Directive No 506/1981 by the minister of mines and energy concerning unmined coal reserves, the state has discovered and surveyed coal reserves in regions of North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Lampung, West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan and Irian Jaya and Special Area Aceh, and, therefore, the aforementioned regions are reserved exclusively for the state and may be exploited only by the state, in accordance with chapter 66 of Government Regulation No 32/1969.

Nevertheless, he said, the government has not shut off the possibility for Indonesian private businesses, together with the State Coal Company, to exploit and develop the coal reserves in the areas set aside for the state. The government is giving national private businesses the opportunity to develop coal reserves in several regions of Java, South Sulawesi and elsewhere that were announced previously.

Coalfield Development Contracts Initialed

Jakarta HARIAN UMUM AB in Indonesian 16 Jul 81 p 3

[Excerpts] Three foreign companies--ARCO (United States), the ARCO/Utah Consortium (United States) and Rio Tinto (United Kingdom)--have initialed contracts for coal exploitation in Kalimantan together with the State Coal Company. "But parliament and the government still need to officially confirm the contracts," said A. H. Sazili M., head of the public relations section of the State Coal Company, to ANTARA Tuesday.

In addition to negotiating with the three American and British companies, the State Coal Company is also holding discussions with AGIP [National Italian Oil Company]. AGIP is interested in mining the East Kalimantan coal reserves. According to surveys, South and East Kalimantan reserves are thought to contain as much as 1 billion tons of coal.

"The foreign companies will have to be involved in the whole coal mining process in Kalimantan, from exploration to exploitation," said Sazili.

The initialed contracts were written on the division of profits system whereby the government receives 32.5 percent of production profits and the contractor receives 67.5 percent. Under this system contractors have certain obligations, like paying taxes.

It is expected that the Kalimantan coal mine will be in production by 1989.

Apart from South and East Kalimantan, areas of Tanjung Balit, Jujuhan, and Senamat in the Bungo Tebo District of Jambi also contain quite large coal reserves. Based on surveys made by the Rio Tinto company, regions of Bungo Tebo District are thought to contain coal deposits of 70 million tons. But the British company apparently is not too interested in developing the mine. "One reason is that transport is very difficult in that area," said Sazili.

The State Coal Company itself is expected to tap Jambi's coal potential in the future. But just when Jambi's coal reserves can be exploited remains indefinite, according to Sazili, because a large amount of money is needed for such a project. The State Coal Company is now prioritizing an increase in production of the Ombilin and Kalimantan mines.

The government has agreed on \$100 million in export credits for the first stage of increased production of the Ombilin mine in order to raise production from 205,000 tons (1981 production plans) to 750,000 tons in 1985. The production increases will be made in stage, with the goal of adding more than 1 million tons each year from 1986 to 1990.

Sazili said the Ombilin mine will produce enough coal to satisfy local needs, like the Indarung cement plant (West Sumatra) and the planned Lhok Nga cement plant in Aceh.

There will continue to be domestic shortages of coal through 1989. In 1985 coal consumption will reach 3,940,000 tons while production is estimated to reach 3,272,000 tons. Based on projections for regular production increases at Ombilin, Bukit Asan and other mines, Indonesia is only expected to be self-sufficient in coal in 1990, with a possible coal surplus at that time.

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CSO: 4213/93

THAI SUPPORT FOR KHMER OPPOSITION REPORTED

PM161409 Paris LE MONDE in French 15 Sep 81 p 5

[Dispatch by Jaques de Barrin: "Kampuchea: Thailand Agrees to Attempts To Form Opposition Government Taking Place on Its Territory"]

[Text] Bangkok--Thailand has just agreed that the ad hoc committee formed during the recent Singapore summit by the three main Kampuchean opposition groups with a view to forming a coalition government can meet on its territory. "I will convene it in a few days' time," Mr Son Sann, chairman of the Khmer People's National Liberation Front [FNLPK] told us, although the Khmer Rouge have not yet appointed their representatives to this committee.

"It is important to start the process of unifying the Kampuchean resistance before the start of the UN General Assembly meeting in mid-September which is to discuss Kampuchea's representation, in order to prove to the international community that the joint declaration signed in Singapore is not a dead letter," some official circles stress, specifying that: "Everything depends on China."

In addition some people apparently hope that Son Sann, in his capacity as prime minister appointed by former head of state Prince Sihanouk and Khieu Samphan, Khmer Rouge prime minister, might head the Democratic Kampuchea delegation at the next UN session. The efforts to achieve this have not yet been successful. Furthermore, nobody has any illusions about the possibility of forming a coalition government in the short term. "It will take at least 1 or 2 years," ASEAN members state.

Once their UN seat has been saved, will the Khmer Rouge not be tempted to raise the stakes? Whatever happens, Son Sann will not compromise. "How can I head a government unless I have the majority of portfolios?" he explained. On the other hand the number of Khmer Rouge condemned by him to exile in China, and which ones they will, is negotiable. The FNLPK chairman, in view of the weakness of his military means, is at present doomed to take an intransigent attitude or else he will be swallowed [words indistinct]," according to Kuala-Lumpur.

Some ASEAN members think that it is necessary to create a third nationalist force in order to avert the Khmer Rouge danger. In this connection the disagreements between Prince Sihanouk and Son Sann are not insuperable, according to them, although the latter is still demanding that this grouping should be organized under the FNLPK banner.

The needs of the moment make it necessary to form a coalition government with the Khmer Rouge, but nobody in ASEAN fails to realize that the vital dialogue with Hanoi will be impossible as long as Pol Pot's men are in the forefront. Now, according to them, the creation of a third force is the only way of opening the debate with the "other side." "This is the signal which we must send to Vietnam to show it that a solution is possible," Malaysian Foreign Minister Ghazali Shafie told us.

Although Son Sann for his part refuses to "forecast what will happen since the main task at present is to liberate Kampuchea," he nonetheless recognized "the need to start thinking now about building good-neighborly relations with Vietnam since we must live side-by-side."

In the view of some ASEAN members, the important thing at present is to give the nationalist groups the means of realizing their ambitions in the knowledge that, as Ghazali Shafie pointed out, "The Soviet Union's support for Vietnam will not waver." In this connection it is probable that China will do nothing which might ultimately upset the balance of forces to the detriment of the Khmer Rouge.

Therefore, most support must come from the "free countries" and especially from the United States. So far the United States has made do with giving moral support to the Kampuchean resistance. Will the Reagan administration decide to go further out of a concern to contain Soviet influence? "American opinion is not ready yet," Son Sann remarked. His front has started receiving humanitarian aid from Washington; in addition he hopes to obtain financial help to increase the number of information bureaus in foreign countries. As for military aid, the White House is waiting for ASEAN to adopt a common approach in this direction before deciding," the FNLPK chairman explained.

Some ASEAN circles suggest that the "main reason" for this American reservation lies in the fear of arms supplies being diverted. The United States would like to be sure that the military equipment sent to the nationalist forces will not be "confiscated" by Thailand en route since it would have to pass through Thailand to reach the Kampuchean border. Thus on-the-spot studies are being carried out to establish the safest ways of conveying possible supplies to the right destination, the idea being to give Malaysia or Singapore responsibility for transport and delivery. Will Bangkok be offended by that?

CSO: 4200/4

BRIEFS

AAPSO DELEGATION TO LAOS--Phnom Penh, 20 Aug (SPK)--At the invitation of the Lao AAPSO committee, a delegation of the PRK's AAPSO led by its secretary general, Chum Bun Rong, left Phnom Penh today for Vientiane to attend an AAPSO international conference on solidarity with the Lao people. Khieu Khanharith, chairman of the Kampuchea's AAPSO and other personalities of the Foreign Ministry went to see the delegation off. [Text] [Phnom Penh SPK in French 1433 GMT 20 Aug 81 BK]

RELIEF TO PROVINCES--Phnom Penh, 28 Aug (SPK)--Efforts have been jointly made by the Ministries of Communications, Transport and Posts, Trade and Agriculture in transporting necessary relief to the people in various provinces. In only 3 days, 2,000 tons of seeds were trucked to Takeo Province. The road transport service brought 1,117 tons of seeds to Dangkao, Phnom Penh and Kandal Stoeng districts, Kandal Province; 900 tons to Kompong Speu Province, and 378 tons to Prey Veng Province. [Phnom Penh SPK in French 0358 GMT 28 Aug 81 BK]

CSO: 4200/4

AUSTRALIAN NEWSMAN ON POISONOUS GAS USE IN LAOS

BK280251 Bangkok POST in English 25 Oct 81 pp 6, 7

[By Nicholas Rothwell of the Australian: "Death From the Sky"]

[Text] Slowly, a cloud of yellow rain began to fall from the sky. It was a fine morning in May 1978, and the small village of Ban-non Po in Central Laos was about to be eradicated.

The assistant chief of the village of Hmong Tribesmen, Yong Mang Yang, had heard the drone of an aircraft minutes before but had scarcely looked up from his work. As part of the Pathet Lao Government-controlled sector, his people had nothing to fear.

He heard no explosions as the Mig-21 fighter circling above him dropped four brown rice-sacks from its belly, then turned and headed northwards. The bags split, releasing another cloud of yellow fumes.

In the windless spring morning, the cloud dropped silently towards the houses of the village. Minutes later, Yong Mang Yang saw his people beginning to die.

There were only a few families in the village, a loose collection of houses huddled in a hillside clearing. Moments after the yellow rain touched them, the women and children began vomiting and blacking out, followed seconds later by the men.

Yong Mang Yang could smell nothing, but could not breathe through his nose, which ran and itched. He staggered through the cloud, feeling as if sand was in his eyes, crying tears of blood, realising he was blinded.

Minutes after the rain cleared, he himself began vomiting, his stomach ached and he felt a crushing sensation in his chest. Gradually, he began to sweat, his skin turned reddish and small black spots formed all over his body--even beneath his clothing.

Those who survived the attack tried to apply traditional Hmong remedies to their wounds--but smearing opium pastes on their skin or blowing smoke from raw opium into their bloodied eyes proved pathetically inadequate, the wounds festered, and the weakest villagers died.

Within hours, the skin of the bodies turned black, and began to peel off in strips. A thin whitish pus ran from the mouths and nostrils of the dead.

Ban Non Po was attacked by the yellow rain four times within the next year. Scores of other villages in the rough hill-country in Central Laos, inhabited by Hmong tribesmen, were also attacked by government planes unleashing clouds of toxic, bright-coloured gas.

After the last attack, which was also the most severe, 14 villagers, Yong Mang Yang, as assistant chief, composed a letter to the area hospital at Bon Don for emergency help. Days later, a messenger reported that a medical team would be sent to the village to "check into the matter."

Several weeks afterwards, a six-man Lao medical team arrived and diagnosed the villagers' illness as "fever" rather than the after-effects of chemical warfare. The Pathet Lao District leader, Taseng Mai Chank, told Yong Mang Yang what to do.

"If you are attacked again, shoot down the plane for proof," he said.

Tales of gas attacks, of concerted chemical warfare aimed at the genocide of the Hmong tribesmen, have been filtering out of Laos with the perpetual stream of refugees that have fled the Communist Government since 1976.

Yong Mang Yang's story is one of 40 separate accounts of gassings over the past three years which have been collected by refugee workers at the Ban Vinai Camp on the Thai-Laotian border.

Samples of the poison gases have been obtained. Exact dates, places and even a log roll of the names of Hmong people killed by the attacks are known. But it has taken a full three years since the first wave of systematic gassings for Western leaders to prove that the Laotian Government has lived up to its promise to "exterminate the Hmong."

Chemical warfare has hardly ever been used before, even though all the major powers have had nerve gas stockpiles since before World War II to understand how such a blatant breach of international law was permitted to continue in the face of overwhelming evidence--the scared and pitted bodies of hundreds of refugees--we must know the history of the Hmong.

For 30 years, Laos has been a battlefield, part of French Indochina, then an independent kingdom. It was overrun during the '60s by the Communist Pathet Lao guerrillas who gradually wrested control of the country from Western-backed forces.

A vital part of the Ho Chi Minh trail supply line for the Vietnam War, Laos was inevitably part of the sphere of influence of Vietnam--a "sideshow" in Indochina if there ever was one. But the collapse of the American position in South Vietnam doomed tens of thousands of Laotians who had resisted the Pathet Lao forces.

Several clandestine groups had been mobilised in the '60s by the United States to fight the Pathet Lao. The most famous of these was the CIA's "secret army" of Hmong tribesmen, led by the charismatic General Vang Pao. The fall of Vientiane to communist forces did not end their struggle, largely because they knew their past resistance had already marked them for reprisals.

Vang Pao, who has been resettled to a farm in Montana, now claims the first gas attacks against Hmong villages were made in early 1976. But it is certain systematic campaigns were not mounted until the next year, when Pathet Lao soldiers began to encounter organized military attacks made by Vang Pao's men.

The first reports were discounted as tall stories. Since the evidence came from the Hmong, who were associated with Vang Pao, it was automatically disregarded by many Western authorities. As reports became more frequent in the late '70s, events in Laos were overshadowed by the tragedy of Kampuchea.

The other major difficulty was that the United States under President Carter was eager to counter Soviet influence in Vietnam by improving its own relations with Hanoi. Anything to do with the after-effects of the clandestine role played by U.S. intelligence in the Vietnam War rankled.

The few American State Department employees, Australian relief workers and Western correspondents in Thailand who first heard of the gassings found their efforts to alert the public were scarcely encouraged by the American administration.

Regular gassings had been under way for two years when a U.S. House of Representatives Subcommittee on Asian and Pacific Affairs held a hearing on "the use of chemical agents in Southeast Asia since the Vietnam War."

Even though the hearing provided detailed evidence that systematic poison gas attacks on the Hmong people were taking place, the subcommittee concluded that evidence of Soviet involvement in the gassings was "circumstantial."

It was not until last month when the Reagan Administration produced chemical analysis of foliage affected by the spray of "yellow rain" that U.S. officials even suggested the poisons had been supplied by the Soviet Union.

But documents in the possession of the Australian newspaper show that American intelligence knew more than three years ago that Soviet personnel were managing the gassings.

The Soviet Union rejects allegations that it prepared the poisons used to kill the Hmong tribesmen and says the United States is trying to blame Moscow for what it did itself in Vietnam.

"The world public knows the extent of American chemical warfare during the U.S. intervention in Indochina," a Novosti press agency statement released last April to rebut the new American allegations said.

So sensitive to the agent orange issue is the United States that even the subcommittee which gave the first airing to the charges of gassing in Laos referred to the matter, linking this problem of public opinion to the fate of the Hmong.

"We reject the charge that since the United States used a chemical agent as a defoliant--however ill-advised or brutal that may have been--we have no right to attempt to halt the use of overtly deadly chemical agents at this time," subcommittee Chairman Lester Wolff pointed out.

Even as the subcommittee held its hearing on 12 December 1979, American diplomats were presenting the Soviet Union with the detailed reports of their evidence that the Lao Government was gassing the Hmong.

This was done at the request of congress, since the Soviet Union, "as the principal sponsor of Hanoi, particularly in the military sphere, had special responsibility to join with the United States in seeking permanently to outlaw the use of chemical agents in warfare."

American diplomats in Thailand, who had been directly exposed to the horror of the refugees' stories, decided that only firm evidence--sample of the poison gas--would convince public opinion.

This step led to a quest for hard evidence, in the form of trees and clothing charred or partly destroyed by the unknown gas. Odd samples had already been brought over the border by Hmong refugees, but were in such poor condition they could not be chemically analysed.

The yellow rain was in fact not one but many different chemical agents. A rainbow of toxic gases had coloured the skies above Laos. Soviet and Vietnamese supervisors had been seen, according to refugees, checking the effects of the poisons.

For two years attempts to isolate known chemical poisons on the foliage collected proved fruitless. Because the clouds had been described as "yellow rain" the experts tested for mustard gas, soman and other nerve gases.

Eventually, a journalist, Mr Sterling Seagrave, pointed out the reported symptoms of the yellow rain sprayed in Kampuchea, Laos and Afghanistan coincided with those caused by a class of chemical known as mycotoxins.

A specific poisonous mycotoxin group, trichothecene, derived from the grain fungus fusarium, has been frequently reported as a naturally occurring poison in the Soviet Union.

The trichothecene mould isolated on foliage sprayed by the poison gas could not occur naturally in Southeast Asia, and could not grow naturally anywhere in such heavy concentrations. This was the "compelling but preliminary" evidence presented on 14 September by U.S. Secretary of State Alexander Haig.

But was it less "circumstantial" than the information given American intelligence three years before--in the middle of the gassing campaign--which was kept secret for want of proof while thousands of Hmong continued to suffer and die?

The Hmong made perfect targets. Their villages were small and isolated. Their reports of the attacks tended to be exaggerated. Their regard for detail did not match the needs of Western officials looking for "hard evidence." It was next to impossible to draw up an accurate picture of the military operations being conducted against them.

But despite these difficulties, the role of the Soviet Union in the coordination of the gassing campaign, and precise details about how it was being run, its clandestine centres, and its ultimate aims, were all known to U.S. officials in Thailand by the end of 1978.

Refugee accounts suggest the gassings continued in Laos throughout 1980, and are still being carried out by Vietnamese and Soviet troops in Kampuchea today. The campaign of gas attacks carried out against the Hmong people in the central hill country of Laos between 1977 and 1980 were well documented by interviews conducted in the Ban Vinai refugee camp in Northern Thailand.

But in addition to these interviews carried out by U.S. State Department personnel and later presented to the congress, another set of findings was assembled, based on debriefings of Laotian Government defectors.

Collected together in an amorphous intelligence assessment, some of this information was presented in State Department reports on chemical warfar, without disclosing the organisation which conducted the studies.

One underlying aim of the U.S. inquiry into the gassings was to establish beyond any doubt that American herbicides left behind in Vietnam at the end of the war, such as agent orange, were not being used in the attacks on the Hmong.

"I hope we will be able to put to rest any fear that those lethal agents used in Laos are captured American stocks left over from the war," Representative Lester Wolff said at the outset of the December 1979 congressional hearing.

Another congressman closely involved in the inquiry, representative Jim Leach, said he was convinced the poisons came from the Soviet Union and had been given "persuasive corroboratory evidence" to this effect.

"Our intelligence agency has determined for national security reasons that this evidence should not be made public," Mr Leach said.

This information, which gave details of Soviet involvement in the gassings, was not presented to the congress--and this may have been because the details it gave implicated captured U.S. weaponry in the gassings.

Most of the critical information had come to U.S. intelligence from two defectors, both pilots who had flown on the gassing missions. They provided chapter and verse on how the operation was run by the Soviet Union.

The first narrative is the story of a Laotian people's liberation army pilot, who began flying chemical warfare operations against Hmong resistance strongholds in 1976.

The missions, "specifically intended to dispense toxic chemical agents on Hmong villagers" in the vicinity of Phou Bia--the highest mountain in Laos and one of the chief hide-outs of Vang Pao's secret anti-communist army--began in April or May 1976.

They were flown in Soviet-built Hyushin L-19 "Ravens" or in converted T-41 Cessnas as part of a co-ordinated operation between the Laotian army and the People's Army of Vietnam.

The first sign that a special campaign was to be mounted came when two Laotian helicopters were flown from the Phonsavan airfield in Xieng Khouang Province, to Long Tiang on a series of missions that transported rockets back to Phonsavan for storage.

The entire operation was mounted within the hills of Central Laos. The backbone of the country is a series of steep ridges and valleys, covered in jungle. The area is impassable to conventional troops.

It was these hills, the territory of the Hmong, that the Laotian army had decided to target. Their bases were strategically located within striking range, and any resistance soldiers trying to flee to Thailand would have to cross enemy lines at least once in a month-long trek.

Between June and August that year, the Laotian Air Force Ravens mounted several attacks on Vang Pao's troops in the same area, concentrating on the redoubt of Bouamlong.

Rocket attacks were made, but the crews responsible for loading rockets on the attack aircraft were told that the special ammunition moved to Phonsavan should not be used--even though Phonsavan was much nearer the target zone of Bouamlong than was Long Tiang, where the aircraft rearmed.

These conventional attacks on Bouamlong went on for three months, until the dry seasons began. Then, the special rockets were brought from Phonsavan to a depot near the Ban Xon airfield and were fitted onto special external arms racks on the L-19s.

The pilot claims he flew some missions using American-manufactured warheads which came in two parts, with tip and canister separated for storage, and had to be joined together before being loaded onto the aircraft racks.

But all the special rockets loaded at Ban Xon were already joined. Part of the pilot's routine pre-flight check called for him to examine the tip portion of the new rockets. Most of these he saw, were loose at the point where tip and canister joined, unlike ordinary explosive-type rockets.

In late 1976, in preparation for air strikes against two Hmong strongholds--the villages of Phou Bia and Ka Si--Laotian pilots began to fly reconnaissance missions.

Piloting a Cessna, the Laotians would take two or three Vietnamese army staff officers at a time on detailed overflights of Hmong villages. Then the first attacks began.

Initially, only Laotian officers accompanied the pilots on the airstrikes, but a fortnight into the campaign, Vietnamese officers began riding in the rear seats of the L-19s and alternating missions with the Laotians. All the Vietnamese spoke excellent Lao, and would go over situation maps of the target areas with pilots before the mission, just as the Laotian commanders did.

The pilots knew nothing about the targets until they were told what to attack at the pre-flight briefings. A different Vietnamese officer was assigned to each strike. They never communicated with Laotian ground officers during the flight.

Before every mission which carried the special rockets, the L-19 pilots were warned by Laotian commanders to fly at higher than normal altitudes when firing the rockets, otherwise the operation could prove hazardous to the crew.

The pilot could see the rockets which he was firing at the Hmong were little more than smoke dispensers. Unlike ordinary ground-burst explosive shells, they detonated in the air, some producing a mixture of white and blue smoke, some red and yellow.

Before each mission, the pilots were given a pep-talk by their commander, they are told the purpose of firing the rockets was to "cause the Hmong people to die out completely." This type of operation would "wipe out" the reactionary Hmong people.

The pilots were also warned to keep the smoke rocket missions secret. During the two years that the pilot flew these missions, he learned from the Laotian people's liberation army officers who flew with him that there were two types of rockets.

The CIRT kind, the smoke rockets, could only be fired at targets far away from combined Laotian and Vietnamese troops. But the second kind, conventional close support rockets, could be fired near friendly troop positions.

The L-19 raids at first carried five conventional rockets and three smoke rockets. But later only four rockets, normally all smoke ones, were carried.

At the end of every strike in which smoke rockets had been used, the pilot was returned to a "rest house" at Phonsavan where an army doctor and nurse would give him a physical examination. By 1978--the year when the most serious effects from the gassings are reported--the pilot was being given a very thorough physical check by the doctor, and being "closely watched" by the nurse.

Gradually an elite corps of pilots who flew the L-19s on the special missions formed. They were allowed privilege unheard of in the Laotian army. In addition to the standard pilot's salary of 12,500 kip monthly, they received a bonus of 3,700 kip daily as additional "flight pay," and free meals at Phonsavan.

This special treatment continued until late 1978, when a squadron of Mig-21 fighters supplied by the Soviet and Vietnamese air forces took over the attacks on Phou Bia.

Coincidentally, U.S. intelligence also received some of the most detailed information given about the gassings from Hmong refugees who were driven into Thailand by the same series of repeated attacks during 1978.

This makes it possible to piece together just what effect the raids carried out so clinically by the L-19s had on the "enemy" tribesmen below.

Hmong from the same central highlands of Laos described a bewildering variety of different coloured clouds of gas, all producing deadly symptoms.

Rockets fired from small aircraft had released yellow powders which contaminated water supplies and produced "harmful gasses." Anyone who drank the water began to vomit, their eyes turned red and they died within the hour.

The immediate symptoms of the gassings were vomiting of blood, bleeding from the mouth and nose, and unconsciousness. The gas was dangerous for a week unless washed away by rain. Those badly affected died within 24 hours.

Scores of corroborated reports of separate attacks began to build up a picture of saturation attacks on any village suspected of harbouring members of the resistance. American intelligence believes more than 10,000 Hmong were killed directly by the gassings between 1976 and 1980.

Reports have even been received of accidental attacks on friendly villages by aircraft with Vietnamese markings, which dropped chemicals that led to the death of 300 Hmong, mostly children, who has sided with and even sheltered the communist troops.

Confirmation of the report by the Laotian pilot was received from another pilot, who defected in 1978 after service in the Lao People's Democratic Republic (LPDR) air force.

He provided information about the attacks on Phou Bia, and said chemicals had been dispensed from light aircraft by Lao People's Liberation Army (LPLA) units in a concerted campaign beginning in May 1978.

From his account, the American report of the gas operation was compiled, it read:

"The LPLA unit responsible for the chemical warfare rockets is a special LPDR air force unit to which is attached a Soviet expert. In Vientiane there are three persons, led by a Socialist Republic of Vietnam expert, who are responsible for putting the chemicals into the heads of U.S. manufactured 2.75 rockets.

"At Phonsavan there are two persons responsible for this activity along with four Soviet experts. In Savannakhet Province, there are two other persons responsible for Southern Laos."

Other reports collected by American intelligence officers indicated that 50 Soviet civilians were permanently stationed at Phonsavan. Their precise duties were not known, but they were "connected with" chemical warfare.

More than three years after this information became known it still has not been acted on. Villagers continued to die while American diplomats presented to the Soviet Union their limited knowledge of the gassing.

They asked Soviet officials to "use their influence" to stop the attacks, even though the intelligence community already knew--and had intimated to some congressmen--that Soviet experts were running the campaign.

The information was gathered in late 1978. The large-scale gassings went on until at least May 1979 in Laos, and hundreds of Hmong men, women and children suffered or died while international diplomacy took its course.

For five years between 1976 and 1980, the Laotian Government waged a clandestine campaign of chemical warfare deep within its own country, killing thousands of men, women and children of Hmong tribes.

But a steady trickle of refugees who survived the attacks made their way from the central uplands of Laos across the border with Thailand, where they were housed in camps and then resettled to foreign countries.

More than 100,000 Hmong--almost half the total population--now live outside Laos, and some 200 of the refugees from the yellow rain have reached Australia.

Eye-witnesses of the gas attacks, their testimony throws a new light on the statistics Western diplomats have compiled as evidence to unmask the campaign.

Chi Lee Vue, mother of a Hmong family, now lives in the Sydney suburb of Carramar, just two years ago she had never left the Phou Bia mountain area in the central uplands of Laos.

Chi Lee Vue, her 28 year-old Son Ying Li, and her three other younger children survived ten gas attacks by Laotian army light planes and fighters during their 18 months on the run from the Pathet Lao Government.

In that time, her husband was killed by government troops, she saw scores of children die a slow death from the yellow rain, and was forced to survive on starvation rations while moving from hide-out to hide-out in the mountain forests of Phou Bia.

Chi Lee Vue says Hmong people began to leave Laos when the Pathet Lao assumed control of the country in 1975. The Hmong had been associated with the American-organised resistance to the Pathet Lao, led by General Vang Pao.

Vang Pao's former troops fled or went into hiding when the general left Laos late that year, but the majority of the Hmong, who had not been associated with the resistance, stayed, assuming they would be safe.

"The poisoning began in 1976, when the authorities began bringing salt, which was very hard to come by then, to the Hmong," Chi Lee Vue said.

"The bags of salt they brought were poisoned, so anyone who ate the salt was affected. First it had the effect of eating into your gums, making them swollen and black, then the teeth dropped out, and it was very painful.

"Children who ate the salt would die within four days--but for older people it took 20 days to a month."

The Hmong found that if they lit the salt it would burn with a green flame, before turning reddish-brown and leaving a sticky residue.

The first gas attack on her village, Muong Cha, came in April 1977 when a light aircraft dropped a load of yellow powder over a wide swathe of the houses in the area. At that time, none of the villagers had heard any store is about the gassings, and so had no idea what to expect.

They stood and watched as the gas fell. Only when it touched their skin, when it burnt their eyes or made their noses bleed did they run for cover.

By then it was too late. More than 100 children and older people died in the first attack, as well as most of the farm animals. The people soon decided to abandon the village.

"The planes which dropped the first clouds were small aircraft just like the ones which we see flying from bankstown airport," Chi Lee Vue said.

The villagers took refuge on their outlying farms on higher slopes, and in caves, where government troops and plane could not spot them. Then they split into groups to go on forays, hunting for food, and the different groups lost contact.

Soon the planes began spraying another chemical which polluted the water used by the Hmong, in an attempt to 'lush them from their hiding places. A yellow spray. It left a red deposit on the surface of water.

Anyone who drank water which had been contaminated would bleed from the mouth, vomit, have diarrhoea, fall drowsy and soon die.

For months the villagers survived, moving from place to place to avoid the Pathet Lao. They saw gas sprayed directly from planes, gas released from rockets on impact with the ground, gas scattered by rockets which bust in the air, showering them with pellets of iron shrapnel.

They came across sprays which were yellow, green, blue, white--and every gassing would be followed by a ground assault. Not even crowded religious shrines were spared from attack.

Chi Lee Vue's husband, Fay Yao, was shot in one of these raids in early 1978. "At that time we never knew whether we would survive from one day to the other," she said.

Ying Li was suddenly in charge of the family and the loose group of 23 villagers who had stayed together. Without animals or food, they survived in the forest. Meanwhile, in a village near their own, the Pathet Lao killed a young Hmong couple, thrust their child alive into a rice husker and cudgelled the baby to death.

While the Hmong survived in the hills, temperatures dropped to freezing level. The forests were covered in cloud, and the rains were falling. They eventually decided to risk the journey to Thailand, across unknown territory held by the Pathet Lao.

None of the people who undertook the journey knew what they were headed for. Each villager, wrapped in warm winter cloaks, carried only a small supply of rice and a blanket. All their other possessions were abandoned.

They crossed the Mekong three weeks later. Of the entire village, only their group reached Thailand. Chi Lee Vue's eldest son, Ge Li, had already emigrated to Australia, so, only a few months later, the refugee family arrived in Sydney in time for Christmas 1979.

"I will just live here day by day--we cannot return to Laos because the same thing will happen again, and the Pathet Lao will try to wipe out our people everywhere," she said.

The Hmong believe they are natural victims of the present government, ever since they gave support to the anti-communist resistance.

"We would like people in other countries to know about what has happened to us, but they were far away and we were in hiding in the forests while this was going on, so there was nothing we could do," Chi Lee Vue said.

She stresses the gassings only began after Vang Pao left Laos. As long as the regular resistance army was active, civilians were never victimised.

Vang Pao visited Muong Cha several times, and was close to the chief of the village. He made a strong impression on the people, mainly because he always brought supplies with him when he arrived, either by jeep or by plane, in the Hmong strongholds of Phou Bia.

"When he left he promised he would return within the year, but now hope has faded," she said.

Doubtless the general also impressed the villagers by his habit of always wearing a Western suit when he came to visit them. "All the Hmong believe in him, and trust everything he says--he is their leader."

In Australia, the Hmong have made a quick adjustment to their new life. Chi Lee Vue has nothing but praise for the Australian Government programme which has helped her to make the change from life in remote farmlands to the strange new world of Sydney.

But there are still moments when she finds it difficult to understand the fate which has swept over her people in the last few years, since the end of the Vietnam War.

"Because of the Americans our lives changed completely, but there is nothing we can do about it and no one we can tell."

With the flight from death of the Hmong, one of the last, and least-known chapters of the West's adventure in Indochina has come to its end.

CSO: 4220/59

BRIEFS

WORLD'S LARGEST TIN MINING COMPANY--The world's largest tin mining company came into being in Kuala Lumpur on 11 October following the unanimous approval by shareholders of a merger between two of the largest mining companies in the country, the Malaysian Mining Corporation [MMC] and the Malayan Tin Dredging Company [MTD]. The merger of the two companies was approved by shareholders at a meeting on 10 October. The new group will have a capital of \$1.1 billion and net profit of about \$370 million. It will produce nearly 18,000 tons of tin a year. [BK141235 Kuala Lumpur Domestic Service in English 1130 GMT 11 Oct 81]

CSO: 4220/43

STATE BANK ISSUES ANNUAL REPORT FOR 1980-81

BK26114 Karachi Domestic Service in English 1005 GMT 26 Oct 81

[Text] The annual report of the State Bank for 1980-81, which was released in Karachi today, says the economic situation in the country during the year was characterized by increases in the Gross Domestic Product, savings and investments. It showed improvement in budgetary and balance of payments position and deceleration in the monetary expansion.

The report says the Gross Domestic Product in real terms increased by 5.7 percent broadly in line with the annual plan target. Although the rate of growth was 1.3 percent lower than the previous year, it was better than the average of all the non-oil developing countries and was nearly twice the growth rate of the population.

In the agricultural sector, the production of wheat reached a new peak of 11.34 million tons during the year showing an increase of 5 percent over the previous year. Sugarcane crop set a new record with an increase of 16.9 percent during the year while the cotton output stood almost unchanged at last year's level of about 4 million bales.

The production of rice, however, declined by 4.7 percent to 3.97 million tons.

The manufacturing sectors recorded a growth of 9.2 percent during the year, slightly lower than the preceding year.

Cotton yarn, refined sugar, fertilizers, vegetable ghee, cement, chemical, paper board and chip board, jute goods, [word indistinct] steel products, cigarettes, safety matches and cycle rubber tires and tubes were the major industries which achieved increases in the production.

The report says the ratio of gross investment to GNP was 16 percent and of national savings to GNP 12.9 percent. The government's budgetary position showed an improvement due mainly to higher revenue receipts and large foreign resources inflow.

The monetary and credit policies during the year continued to be basically oriented to checking inflationary pressures and resulted in considerable deceleration of the rate of monetary expansion from 18.5 percent in 1979-80 to 14.7 percent in 1980-81.

The price pressure, however, increased during the year because of the stiff rise in the prices of the imports particularly oil and industrial raw materials.

The report described the export performance of the country as creditable and said exports rose by over 25 percent during the year. Marked increases were recorded in the exports of raw cotton and rice, which accounted for a 36.9 percent of the total exports.

CSO: 4220/58

EXPORT EARNINGS HIGHER IN AUGUST

Karachi DAWN in English 16 Oct 81 p 5

[Text]

Pakistan's export receipts during August, 1981 amounted to Rs 1479.6 million (148.6 million dollar) as compared to Rs 1976.1 million (199.6 million dollar) in the previous month and Rs 1405.7 million (142.6 million dollar) in the corresponding month last year. According to figures released by State Bank of Pakistan the earnings from exports during the month were higher by Rs 494.2 million than the average of Rs 1075.4 million for this month over the past five years.

Export proceeds during the first two months of the current fiscal year (1981-82) aggregated Rs 3455.7 million (\$349.1 million) as against Rs 3103.3 million (313.5 million dollar) during the corresponding period last year. The monthly average rate, therefore, works out to be Rs 1727.9 million (174.5 million dollar) which compares with the corresponding two months average rate of Rs 1551.7 million (156.7 million dollar) for 1980, Rs 1330.4 million (134.4 million dollar) for 1979, Rs 972.3 million (99.2 million dollar) for 1978, Rs 787.7 million (79.5 million dollar) for 1977 and Rs 951.7 million (96.1 million dollar) for 1976.

MAIN COMMODITIES

The commodity-wise trend of exports reveals that rice which fetched the highest foreign exchange of Rs 209.1 million registered a decrease of Rs 164.4 million over the previous month. Cotton fabrics was the second highest foreign exchange earner and export earnings on this account indicated an increase of Rs 13.5 million to stand at Rs 191.5 million as compared to Rs 178.6 million in July, 1981. Export proceeds from arti-

cles of textile materials and textile yarn and thread at Rs 141.6 million and Rs 141.0 million showed decreases of Rs 51.9 million and Rs 26.3 million as compared to Rs 196.5 million and Rs 167.3 million respectively in the previous month. Receipts from petroleum and petroleum products and floor coverings and tapestries were also lower by Rs 114.3 million and Rs 23.9 million respectively during the month. Proceeds from clothing, leather, cotton, scientific instruments, crude vegetable materials and fresh fruit and fresh/dry nuts at Rs 87.0 million, Rs 73.7 million, Rs 56.7 million, Rs 20.5 million, Rs 18.4 million and Rs 16.6 million depicted declines of Rs 10.2 million, Rs 0.9 million, Rs 1.6 million, Rs 2.4 million, Rs 96.2 million and Rs 8.8 million respectively as compared to the preceding month. However, earnings from non-cotton woven textiles, fish and fish preparations, railway vehicles and toys, games and sporting goods at Rs 61.8 million, Rs 49.8 million, Rs 26.0 million and Rs 24.6 million recorded increases of Rs 12.0 million, Rs 15.0 million, Rs 26.0 million and Rs 1.0 million respectively during the month under review.

PROMINENT BUYERS

As regards the destination pattern of exports, Japan was the most prominent buyer of Pakistani merchandise and paid an amount of Rs 133.9 million mainly for cotton (Rs 45.6 million), textile yarn and thread (Rs 36.8 million) and fresh and simply preserved fish (Rs 26.0 million). The second biggest buyer was USA that lifted goods worth Rs 129.9 million. The main items of export to USA were

cotton fabrics (Rs 30.4 million), articles of textile materials (Rs 29.6 million), clothing (Rs 18.3 million) and floor coverings and tapestries (Rs 17.2 million). Some of the other notable countries in descending order of magnitude of amounts were Kuwait (Rs 119.7 million), Singapore (Rs 112.6 million), Saudi Arabia (Rs 103.7 million), Hong Kong (Rs 82.1 million), UK (Rs 75.1 million), West Germany (Rs 70.4 million), Iran (Rs 52.4 million), People's Democratic Republic of Yemen (Rs 51.9 million), USSR (Rs 48.3 million), UAE countries (Rs 41.5 million), France (Rs 40.4 million), Italy (Rs 39.8 million), Bangladesh (Rs 35.0 million) and Cameroon (Rs 30.9 million).

EXPORTS TO RCD

Export to RCD countries totalled Rs 139.9 million (14.1 million dollar) during the first two months of the current fiscal year (1981-82) forming 4.0 per cent of the total exports as compared to Rs 261.8 million (26.4 million dollar) during the same period last year. The main items of export to RCD countries during the period were rice (Rs 36.2 million), cotton fabrics (Rs 35.9 million), articles of textile materials (Rs 28.9 million), paper and paper board (Rs 6.0 million), medicinal and pharmaceutical products (Rs 5.2 million), leather (Rs 5.1 million), other inorganic chemicals (Rs 4.2 million) and unmilled barley (Rs 3.5 million).

BARTER DEALS

Pakistan's export under commodity exchange agreements stood at Rs 137.4 million (13.9 million

dollar) or 4.0 per cent of the total export proceeds during the first two months of the current fiscal year. Barter exports decreased from Rs 72.4 million in July, 1981 to Rs 65.0 million in August, 1981. The principal trading partners under commodity exchange agreements during the month were USSR (Rs 22.2 million), Czechoslovakia (Rs 15.7 million), Hungary (Rs 10.4 million), Sweden (Rs 6.5 million), People's Republic of China (Rs 4.3 million), Bulgaria (Rs 4.2 million), North Korea (Rs 1.3 million) and Poland (Rs 0.4 million).

The main commodities exported under commodity exchange agreements during August, 1981 were clothing (Rs 17.1 million), cotton fabrics (Rs 13.9 million), articles of textile materials (Rs 10.5 million), textile yarn and thread (Rs 9.3 million), leather (Rs 6.1 million) and medicinal and pharmaceutical products (Rs 1.8 million). The remaining commodities jointly contributed for Rs 6.3 million during the month under review.

CSO: 4220/47

EXPORT HOUSES TO BE SET UP

Karachi DAWN in English 13 Oct 81 pp 1, 10

[Text]

The Government has, for the first time, introduced a scheme to set up Export Houses, duly registered by a competent Federal Authority, to systematise the procedures in respect of designing, production, salesmanship and marketing of the country's exportable goods.

With exports growing at the rate of 30 per cent during the last four years and now touching the 3 billion dollars' mark, it has now become imperative to sustain the export momentum through "a sophisticated, well-groomed mechanism", official sources explained.

They cited the case of Japan, where nine or 10 Export Houses operate 55 per cent of that country's international trade.

The Export Houses scheme has been enforced under the Registration of Export Houses Order, 1981, under which a statutory notification has been circulated among the related agencies with an offer to apply for registration as an Export House.

Conditions of eligibility for registration are that a trading company should already be registered under the Companies Act, 1913, and also as an exporter under the Registration (Importers and Exporters) Order, 1952. Besides, it should have or should undertake to establish,

within a specified period, an office abroad and that its export performance in the past should be of the amount of not less than Rs. 20 lakh immediately preceding the year in which the application is made.

In view of a large number of small-and medium-size export-oriented industries, a facility has been offered to the trading companies to seek registration as an Export House in the form of a consortium.

The registration of an Export House shall be valid for a period of one year and may, on application, be renewed from year to year — subject to satisfactory export performance.

PRINCIPLES

The Registration of Export Houses Order lays down that while granting registration, the Federal Authority shall satisfy itself with applicant/trading company's managerial capacity, technical, financial and service resources, testing facilities and quality control arrangements as well as its ability to provide assistance to the supporting manufacturers in the matter of the availability of imported inputs.

The Federal Authority, constituted under the 1981 Order, comprises the Vice-Chairman of the Export Promotion Bureau as its Chairman, and the Joint Secretary (External Finance) Ministry of Finance, and the

Director, Exchange Control Department, State Bank of Pakistan, as its members.

The Export House, so registered, will be entitled to import against RMR and BMR facilities on behalf of individual or a group of importers. It will be treated at par with the recognised industrial units for the purpose of advance BMR licences and will be allowed one per cent of incremental foreign exchange earnings in respect of the exports of cotton textiles and cotton yarn and 2 to 5 per cent in respect of other products.

An Export House, under the Registration Order, shall maintain proper accounts of imports and exports and submit to the Federal Authority a pre-audit annual return and a statement of exports which, inter alia, will specify the exports made on behalf of each supporting manufacturer.

Officials said that with the pace of industrialisation, particularly in regard to the exportable engineering goods, a mechanism like the proposed Export House is needed to locate new markets, promote aggressive salesmanship, ensure production in accordance with the specific design and also to cater for the after-sale service.

INCREASED EXPORT OF GARMENTS URGED

Lahore THE PAKISTAN TIMES in English 9 Oct 81 p 6

[Text]

Ready-made garments have in the last few years emerged as an important export item. The earnings from garment exports have gradually been climbing and stood at 74.29 million dollars in fiscal 1980-81. This marked an increase of about 40 per cent over the preceding year's figure of 53.87 million dollars. An idea of the annual percentage difference can be had from the fact that in 1978-79 the income from this source was a paltry 38 million dollars. In other words, the sales have almost doubled in value in three years' time. In view of this rising trend the current year's earnings are projected at 133 million dollars. Although on the face of it, Pakistan's progress in the field appears satisfactory, our exports are extremely small in the context of the growing worldwide trade in ready-made garments, particularly in relation to many Third World countries' income from this item. In some cases they are 10 to 15 times the earnings of Pakistan. Our relative back-

wardness in this sector is rather anomalous. With a strong cotton base and developed textile industry, the logical expansion should have been towards the production of garments. Among the many reasons why this has not happened, one is that garment manufacture and export is much more exacting than similar undertakings in other areas and calls for a high level of organisational and managerial skill and marketing expertise. Another reason is the absence of an adequate fabric base for this fabric-intensive industry. There is a singular lack of standardisation and quality control which makes it difficult to execute large orders and ensure the requisite finish. Two other debilitating problems are dependence on costly imported synthetic and blended fibres and the lack of trained manpower.

The Werner report on Pakistan's garment industry made a number of important recommendations to revive the sector. The report said that Pakistan

could not increase its share of the world garment market unless the industry modernised itself in terms of management expertise, production methods, productivity and quality levels, training programmes and marketing techniques. It recommended the adoption of modern garment technology in place of the simple lockstitch and overlock machines. It also pointed out that joint ventures with foreign countries would be an inexpensive way to ensure a quick inflow of improved technology and marketing know-how. A related need is to encourage expansion of existing uneconomic units with liberal Government assistance. The Small Industries Corporation, for example, could set up special programmes to impart training in garment-making. Another measure of support for the industry would be to declare it a cottage industry so that it can function unhampered by small cumbersome levies that don't amount to much and discourage investment in the sector.

INCREASED PRESSURE ON ECONOMY CAUSING SHORTAGES

Karachi DAWN in English 15 Oct 81 p 7

[Article by Sultan Ahmed]

[Text]

SUDDEN shortages of essential commodities seem to upset us just as much as a small surplus or illusory abundance rings the alarm bells.

If we had an acute shortage of sugar and severe rationing last year, we are told we have a sizeable exportable surplus now. And if we had vanaspati shortages in some parts of the country sometime or the other last year, we are alerted to the presence of an exportable surplus now.

We exported 7000 tons of pulses last year under the mistaken notion that we had a surplus of pulses in the country. May be it was a case of misplaced zeal for exporting as much of our products as possible. So we are now importing pulses at a far higher cost, and on an emergency basis.

The same situation may arise in respect of cement at some point when because of the very high cost of construction the private building boom eases.

In an agricultural economy surplus and shortages are not uncommon. They are common not only in the developing countries but also in economies as varied as those of the U.S. and the Soviet Union. But if our planners and officials can anticipate the shortages and cover the gap they would be able to handle a surplus, too, with equal facility as long as it is not too large.

But whether it is the result of the pressure exerted by the mighty farm lobby in Pakistan, or the agitation mounted by the exporters, or it is the outcome of both, a small surplus soon assumes crisis proportions as much as a sizeable shortage does.

The country is faced with such a crisis, real or manipulated, from time to time, as our official economists, planners and senior men in the economic ministries collectively have not been anticipating or estimating the available supply or the aggregate demand on a realistic or reliable basis. So when the estimates of total demand and available supply are unrealistic, the market forces exploit the situation promptly. The shortage there becomes more acute, prices shoot up, and the crisis becomes unmanageable.

Under-estimation

Too many of our difficulties in this area spring from under-estimation of the aggregate demand for goods and services in the country. That under-estimation applies to commodities as varied as sugar, and meat, cement and pulses, vegetables and dairy products and even onions and potatoes.

All that begins with the easy official approach to the money supply in the country that generates the demand and pushes up the prices whenever there is a shortage, real or wilfully created. This is the age in which the quantifi-

cation of money supply has moved away from the traditional M 1 to M 2 and even M 3, and even to the inclusion of "near money" as Paul Samuelson calls it, to determine the overall money supply and aggregate national demand for goods and services.

Under the pressure from the International Monetary Fund we now treat not only the currency in circulation and the demand deposits in banks but also the time deposits in banks as components of money supply in Pakistan. That certainly is a distinct improvement over the earlier M1 position of adding together only the currency in circulation and demand deposits in banks to determine the overall money supply in the country.

But the pressure on demand in the country is built up not only by this officially accounted money supply but also the invisible inflow of money from abroad. That money comes in the shape of about Rs. 500 crore sent home through non-banking channels by our emigre workers and consumer durables worth about Rs. 500 crores sent to Pakistan to be sold at higher prices and converted into cash for current consumption and marginal savings. Together they constitute about 10 per cent of the overall money supply in the country, and that is not a small figure.

Even more significant than this non-official flow of money into the economic mainstream are the changes in the consumption pat-

tern and the variations in the nature of the bigger consumers in the country. Demands for higher consumption are coming from large new areas which did not exist before.

Transfer of resources

There has been a progressive transfer of resources to the countryside from the towns and cities. That has been happening following the steady increase in the procurement prices for wheat, rice, sugar and cotton compared to the largely static prices of the 1960s and 1960s. When wheat prices increase by about three times within about ten years, or the basmati price rises similarly, or there is a sharp rise in the price of sugarcane, regardless of the yield, more and more money has to become available in the villages.

In addition to the steady rise in the procurement prices, there has been a tremendous increase in agricultural output as well. When wheat production rises from 7.6 million tons in 1974-75 to 11.3 million tons, rice production from 2.3 million tons to 3.7 million tons, or sugarcane from 12.9 million tons to 32 million tons in the current year and cotton production, too, increases abruptly, a lot more money has to go into the villages.

Clearly, when industrial growth in the country lags behind the agricultural growth over a long period more of the finance resources of the country have to be transferred to the rural areas, although it may be said that the big beneficiaries are not the real beneficiaries as much as the rich zamindars, waderas and neo-sardars.

And that has to spur the demand for goods and services particularly when many of those in the villages are able to grow much of their own food, including vegetables, and raise their own chicken for eggs or cattle

for milk. Through this means they are able to reduce the impact of inflation on them.

Compared to the villages, wage-earners in the cities do not have such cushions to shield them from inflation. They take on additional jobs, if available, to make both ends meet. It is difficult to quantify the transfer of resources to the villages through this means, or the increase in the aggregate demand; but it is very much there.

Secondly, the pressure on the demand for essential goods and services created by the over three billion dollars that come into Pakistan through banking and non-banking channels, or as clear money and goods to be converted into cash, is very substantial. This is the demand of a new rich class willing to spend easily and increase the aggregate demand, although it may be said that the inflow of the emigre workers' earnings is only about six per cent of the Gross National Product.

The Third factor that increases the demand for goods and services in the country is the money that is aloft in the underground sector or parallel economy of the country. That is the large income of the hoarders, profiteers and like groups, the income from the construction boom in the country, money collected by those who indulge in forgery and fraud, produce fake passports and visas and send hundreds of persons abroad for jobs for a high fee, the bank staff who rob their own banks clandestinely, and all the elements who indulge in corruption and crime of profit in the country.

The number of persons involved in such operations now is very large, and so is their gross earnings. It is almost impossible to quantify this money; but surely what is too easily earned is too readily spent. The impact of

such spending on the economy is bound to be large when big time corruption in Pakistan is often a corporate deed and seldom an individual act. When one officer in National Savings Organization can rob his organization of Rs. 2.5 crore, and another of Rs. 20 lakhs the amount of money that can come into the consumer market through such means can be visualised easily.

Usually our planners and economists would not give great importance to these factors as agents for increasing demand, sustaining greater consumption and causing larger shortages. Therein lies the setbacks to our successive five-year plans, the sudden shortages that arise and the alarm bells that ring all around.

Conventional approach

The previous government nationalised some of the means of industrial production, but could not ensure larger supplies or manage the consumption levels. While production did not increase appreciably the consumption increased substantially. In fact, the demand for goods was artificially increased through the state TV and radio. As a result, prices shot up. That trend has been sustained all through these years.

A part of the difficulty of the officials in comprehending what is happening may arise out of their physical isolation and the improbability of their becoming victims of the shortages themselves. And traditionally, they have tended to understate problems they are not familiar with or factors that do not impinge on their lives directly. If that kind of conventional approach does not give way to a more realistic and rational approach to the real demand and actual supply in the country sudden shortages will continue to exasperate us and small surpluses embarrass the officials.

REPORT ON PAKISTAN, U.S. JOINT VENTURES

Karachi MORNING NEWS in English 12 Oct 81 p 4

[Text] The Federal Industries Ministry has finalised the exercise of preparing feasibility studies of 60 specific industries for possible joint venture collaboration with American investors.

Informed sources told PPI yesterday that these feasibility studies would soon be despatched to the Pakistan-American Economic Cooperation Council in USA for circulation among the American investors.

They said that American investors who are keen to join hands with their Pakistani counterparts in setting up of joint venture industrial units in Pakistan would study these reports before coming to Pakistan next November, when an American investors' mission is due to pay a visit.

These feasibility reports they said would give sufficient information about the availability of raw material, manpower and technology and possible assistance from American investors in implementation of specific projects and marketing prospects for products both within Pakistan and outside.

The sources said that once the American investors identify industrial project of their interest, the follow-up negotiations could be held with relevant Pakistani entrepreneurs and a more detailed and comprehensive report for the selected project could be prepared.

They said that the Government had assigned a number of financial institutions and public sector corporations to prepare such feasibility reports.

These institutions include Bankers Equity Limited, Pakistan Steel and Investment Advisory Centre of Pakistan which were involved in exercise of preparing the blue prints for possible joint venture collaboration between Pakistan and American investors in specific fields.--PPI.

CSO: 4220/52

PAKISTAN

GROUND RECEIVING STATION NEAR COMPLETION

Karachi MORNING NEWS in English 19 Oct 81 p 5

[Text] Plans are in an advanced stage for the construction of Pakistan's first permanent ground receiving station for satellite pictures and data beamed to earth from outer space.

Mr Salim Mehmud, Chairman Pakistan Space and Upper Atmosphere Research Commission, said here that negotiations for the construction of the ground station were currently underway with the American National Aeronautics and Space Agency (NASA).

He said a draft memorandum of understanding arrived at between NASA and SUPARCO had been forwarded for approval to the Federal Government and once official permission was forthcoming, a final agreement would be concluded between the two agencies.

The ground station will receive pictures and other information direct from the US "Landsat" series of orbiting earth resources satellites.

These satellites are designed to photograph selected parts of the earth and collect other data relevant to mineral resources, agriculture, flood control, meteorology, weather forecasting etc.

The SUPARCO Chairman said that heretofore, Pakistan received some pictures and other information gathered by the Landsat satellites on request from NASA, but this procedure involved delays.

The procedure was that the Landsat satellite was instructed by NASA ground control to take pictures of Pakistan at certain times and store this data in its recorder.

Later on, NASA ground stations received these pictures and other relevant data from the Landsat recorders, and the Agency passed them on to Pakistan. (Such data is also received from other countries).

However, Mr Salim Mehmud explained there were three drawbacks in this procedure, namely, the delays involved; secondly the loss of picture quality in the recording process; and thirdly, NASA's inability at times to provide the required pictures due to its other commitments.

The SUPARCO chief pointed out that with a permanent ground receiving station, far greater details of all areas of Pakistan could be obtained through Landsat satellites, and these would be especially helpful in exploration, exploitation and management of natural resources.

He said some of the equipment for the ground receiving station would be fabricated by SUPARCO within Pakistan.

With assistance from NASA, the ground receiving station will be built by SUPARCO itself, he added.

He said the three-year project will cost about 10 million US dollars (around Rs. 100 million).

He stated that if the draft proposals are approved by the Pakistan Government, work on the ground receiving station will start towards the end of next year.

In conclusion, Mr Salim Mehmud said that it was tentatively planned to locate the ground receiving station in Islamabad.--APP

CSO: 4220/55

OPERATION OF CLANDESTINE VISA MARKET DESCRIBED

Karachi DAWN in English 16 Oct 81 p 1

[Article by Shaheen Sehba]

[Text]

With almost every Pakistani youngman aspiring to go to one oil-rich State or the other, there is a boom in the clandestine visa market — despite tight government restriction. The latest to join in the racket are European companies, for the illicit trade in manpower has now turned into big business.

To obtain that precious boarding card, one has to pass through numerous check-points and meet tough conditions set by the government but the clever recruiting agents — OEP (Overseas Employment Promoters) in official terminology — and their more shrewd foreign allies have invented scores of methods to render the checks ineffective.

That visas for all Gulf States, Saudi Arabia, Libya and Iraq are bought and sold in the open market is common knowledge. The procedure adopted by the OEPs is such that no one can trace whether a person who has obtained a visa is a genuine candidate for the job abroad or whether he has bought it, irrespective of the fact whether he qualified for the job or not.

The agents have made a mockery of the rules and regulations and it is in their hand to send anyone to any country they like, depending on the deal they strike with the individual.

Ironically, everyone who buys a visa through the OEPs has to undertake before the Protector of Emigrants that "he has not paid any amount to anyone except the fees of the Protectorate and that all other expenses including the passage has been paid by the company." This is the last para of the Foreign Service Agreement which is signed by the employee, the Overseas Employment Promoter (Recruiting Agent) and the Protector of Emigrants.

A formality

That in most cases this undertaking is merely a formality is taken for granted. In practice, it hardly takes an employee between three and five minutes to obtain his Foreign Service Agreement after all the other formalities have been completed by the OEP.

The employee has to appear before the officer at the Protectorate, sign the FSA and take a copy. He is rarely informed of what he is signing far less what rules and regulations he has agreed to. (The agreement is in English except for the last para)

In almost hundred per cent cases, the employee is never bothered about the conditions, neither is he worried about the fact that his undertaking absolves the Protector of Emigrants of all responsibility regarding the terms and conditions of his service and his rights. He knows only one thing, he has paid the agent for the visa and he should fly to the country he wants. Rest is immaterial.

While all papers processed by the Employment Promoters are according to the rules laid down, it is the business of "Azad Visas" (Free Visas which allow a person to go and work anywhere) that brings big money. This business is absolutely illegal and in many ways goes against the interests of Pakistan as well as it negates all the principles on which the tall order of government restrictions has been laid.

Genuine or fake employers in host countries send their demand to the registered employment promoters in Pakistan, the number of whom has been constantly under review. This OEP registers the demand with the Protector of Emigrants and obtains a number which entitles him to advertise the posts. Applications are received in hundreds and sometimes even thousands but none or very few are looked into. Jobs demanding highly technical qualifications or professional experience are an exception.

The selection is made by the agent and a representative of the employer on the basis of who comes first and pays the price set by the agent for each visa. Different rates are current for different countries. The Saudi (free) visa is the costliest ranging between 15 and 20,000 rupees. Others in demand are Abu Dhabi, Kuwait, other Gulf States, Libya, and Iraq ranging between 10-15,000 rupees. For a successful bidder, relevant certificates are easily

forged, either by the candidate himself or by the agent if he does not qualify for the post.

The papers then go to the Protector of Emigrants who countersigns the Foreign Service Agreement between the employee and the recruiting agent on behalf of the employer.

Having passed through these formalities (and they are just formalities as nobody ever bothers to check or verify any of the requirements or conditions as lavish tips are a routine), the emigrant is allowed to proceed.

At this stage, in case of "Azad Visas", the recruiting agent, in collusion with the employer or his agent, hands over a "release document" to the employee which states that he has been released from the job and he is free to undertake any other job. This document is kept highly secret and is virtually smuggled into the host country by various methods.

This, then, completes the scandal. The employee (if none) reaches the country he bought a visa for, the agent makes several thousand rupees per visa, so does the employer or his representative who leaves the country immediately after all his visas are sold.

While this business goes in the favour of job seekers in the case of countries like Saudi Arabia and the Gulf states, in others like Libya and Iraq this could prove to be disastrous and even sometimes tragic.

In Libya, for example, anyone who lands without a job is a lost soul. The NOC he has in hand is undated and, therefore, if it is found on his person by the Customs or other security authorities at the airport, the man is immediately deported.

If he succeeds in smuggling it in, he might be twice unlucky. For upto one year he cannot take up a regular job which provides him facilities of a legal residence permit, a bank account and a contract which allow him to remit 60% of his salary.

In the absence of a regular job, his duration of stay will expire and he will become an illegal resident. According to Libyan laws, the original employer has to grant him permission for an exit visa. Thus he cannot obtain as he is no longer in employment and in some cases there is no employer at all.

The poor chap is so stuck that he has to work on any wage that may be offered to him as he is continuously on the run from immigration authorities and he is in no position to do bargain. He is exploited.

'Bekar Bagh'

Having stayed in Libya for about seven years, I have witnessed scenes in the centre of Tripoli where several hundred Pakistani labour and educated workers used to sleep for months in a public park and wait for Libyan contractors to come and give them some job, at least to meet their food requirements.

The park was known in the Pakistani community as "Bekar Bagh" (Unemployed Park) and it was a great boon for those Libyan contractors who did not wish to go through the cumbersome process of recruiting Pakistani labour through regular and official channels in Pakistan.

Here was a several hundred strong force readily available to them on much cheaper rates and with no attached obligations. They would just pick up as many as wanted, board them into a truck and take them to the site of work. Getting only half or reduced wages, these helpless people could not register even the slightest of protest. They could not return home as they could not buy a return ticket and the original employers who gave them the entry visas were no longer traceable and so the Libyan authorities would not give them the exit visa.

In late 1977 and 1978

the traffic of such people from Pakistan to Libya was at its peak and it was this period when those ignorant of rules and regulations and desirous of seeking a foreign job, fell prey to the dubious practices of recruiting agents and their foreign allies.

During this period in Libya there used to be frequent "gheraps" of the Pakistan Embassy in Tripoli with scores and hundreds of Pakistani workers pressing the Embassy to help them obtain exit visas from Libya.

Most of these unfortunate people had sold all their valuables and put their entire assets at stake to travel abroad. Several had nervous breakdowns while quite a few even attempted suicides, as horrifying news of their wives and children being in pitiable condition back in Pakistan, reached them since they could not remit even a single penny for months.

New rules

When the situation became critical, Pakistan introduced new rules and regulations and the role of the

Protector of Emigrants was introduced who would check the credentials of the employers and see to it that none of those leaving for foreign jobs are cheated. Things changed but not much.

The clever agents and their foreign friends soon found ways and means to dodge the new system. They introduced new and more sophisticated methods to obtain visas and bypass the Protector or just get through him without being caught.

Their latest technique was detected by this correspondent in a case processed by a Rawalpindi Employment Promoter for Libya. In this case, five Islamabad villagers were chosen to proceed to Libya after paying the agent 15,000 rupees each which included their single journey air ticket to Tripoli.

The visas issued by the Libyan People's Bureau were in the name of an Italian company which is supposed to have its branch in Obari, near Tripoli. This in itself is a new dimension to this racket as hitherto the employers were either local companies in host countries or fake companies with no existence at all.

These five got the visas and also obtained their Foreign Service Agreements duly countersigned by the Protector of Emigrants in Rawalpindi. Lastly they were handed the letters of release in Arabic language and they flew to Istanbul on July 30 last from Karachi on their way to Tripoli.

In this case, these five will now face a different kind of music, since they travelled on a visa issued by a foreign company which illegally

released them even before they had boarded the plane.

Libyan laws do not accept the Agreement signed in Pakistan and all employees have to sign another agreement, which is only in Arabic language, before their papers can get processed for residence visas, remittances etc. In this particular case the employer has already released them from service so this is not possible.

That an Italian company is involved proves that the scandal has attracted Europeans as well. It could just be possible that the Italian managers of the company are not aware of the scandal as all paperwork in Arabic language is processed by Libyan liaison men who could have joined hands with the Pakistani OPE to earn big money without any loss to the company.

Here the role of the Labour Attache of the Pakistan Embassy in Tripoli comes in because he is the person who verifies the credentials of a company seeking recruitment of labour in Pakistan. Some questions need to be asked from him as I know of one such official who played havoc with the name of Pakistan by allowing thousands of labour to reach Libya without provision of any jobs.

Some questions need to be asked by concerned agencies in Pakistan as well. One of these five had a passport showing 'Labour' as his profession. He signed the Foreign Service Agreement with the Italian company as a 'Tile Mason'. This agreement was signed in the presence of the Protector of Emigrants whose signatures also appear on it. The company gave him the "Release Letter" (in Arabic) which said he

worked as a 'labourer'. All this appears dubious.

This correspondent obtained photo copies of all the documents belonging to one of these five unfortunate men who are now in Libya. The copies were shown to other OEPs in Karachi, the Protector of Emigrants in Karachi and other agencies involved. The unanimous verdict was that the OEP involved was guilty of a grave misconduct.

A formal complaint with the Protector of Emigrants would, all agreed, lead to immediate and automatic cancellation of the promoter's licence as well as forfeiture of his security deposits of Rs.100,000.

How can these malpractices be eliminated and a fool-proof system of manpower export created is a big issue that must be tackled.

Experts believe if all the requirements from abroad are registered with the Protector of Emigrants, directly by the host countries and if the Protectorate maintains a register of professional and technical as well as non-technical personnel on the basis of a set standard of qualifications for each cadre, then the middle man or these recruiting agents can be eliminated.

The manpower export programme of other countries as Bangladesh, Philippines, Korea and even India could well be taken as an example. From India no one can take up a job directly or through any agency. Every case is processed through their manpower export department and details are made available to every embassy so that each person who goes abroad is kept track of and looked after by the Indian Government.

INSTITUTE OF TRAINING IN ISLAMIC LAW DESCRIBED

Karachi MORNING NEWS in English 16 Oct 81 p 6

[Article by Dr S. M. Haider, professor of law and director, Institute of Training in Shari'ah and Legal Profession, Islamic University, Islamabad]

[Excerpts] October 17, 1981 marks the beginning of a new era in the sphere of in-service training in Pakistan when a new experiment is being launched for the in-service training of District and Sessions Judges as well as Prosecuting Deputy and Assistant Superintendents of Police at the Institute of Training in Shari'ah and Legal Profession of the Islamic University. The concept received recognition, support and blessings of the President of Pakistan, General Muhammad Zia-ul-Haq, and was put into operation by the rector of the Islamic University, Mr. A. K. Brohi.

The establishment of the Institute constitutes a significant milestone in the process of Islamization and it will go a long way in consolidating Islamic legal norms and in presenting a model for the entire world of Islam to emulate. The first course is being inaugurated by the Chairman of the Federal Shariat Court, Mr. Justice Aftab Hussain.

Rule of Law

The Institute of Training in Shari'ah subscribes to the view that an active judiciary is vital for the sovereignty of the rule of law and dispensation of justice. The Institute will prepare judicial officers, police officers and legal practitioners always to reflect the aspirations of the people and to symbolize the moral values of an Islamic society. The Institute is embarking on the uphill task of promoting Islamic law through the training of judges, and public prosecutors. The Institute is concerned with the promotion of Shariat-i-Islamia.

Islamic Law

The Institute of Training in Shari'ah and Legal Profession will promote a knowledge of Islamic legal system and will relate the particulars to the fundamental rules. The trainees will be helped to study its features and directions with interest and with depth of perception. While projecting the Shari'ah framework of legal profession, the Institute will seek to establish justice in the whole of the Islamic world through the methodology of in-service training.

Thus the Institute will have direct relevance to the growing needs of the Muslim World.

Quran as Source

In the training programmes of the Institute, explicit attention will be drawn to the Quran as an authoritative source of law. References will be made to the paramount authority of the Quran to resolve the conflict between the materials bearing on legal questions. It has been pointed out, for instance, that pronouncement about what is Halal (lawful) and Haram (unlawful) should be based on categorical Quranic verses. The Institute will serve as a barrier against the intrusion of non-Islamic elements in the process of instruction in Islamic law.

In this connection it would be helpful to bear in mind that the prime motive which has actuated the in-service training activity at the Institute is a practical one: the necessity to transmit and diffuse Shari'ah norms relative to actual legal situations. One of the major concerns of the Institute is to emphasize the soundness of Islamic legal doctrines.

CSO: 4220/52

UNEMPLOYMENT AMONG MEDICAL GRADUATES NOTED

Karachi MORNING NEWS in English 18 Oct 81 p 4

[Text]

Pakistan Medical Association (Karachi) branch has expressed concern over the increased unemployment among medical graduates and has urged upon the Federal Health Ministry to take appropriate measures warranted by the situation.

The association's President Dr Badar Siddiqui in a Press statement yesterday said the problems faced by the junior doctors have assumed serious proportions with the rapid expansion in the facilities for medical education.

During the last 10 years the number of medical colleges went up from 6 to 16 and enrolment capacity from 600 to 4,000. While the number of doctors qualifying from these medical colleges each year is estimated to be around 1,500 to 2,000 job facilities has not been increased to accommodate the growing number of such medical graduates.

Dr Siddiqui also said the problem of employment has further aggravated with the unfavourable development in the western countries and the middle East culminating in the limited acceptance of Pakistani medical manpower abroad. In few months, another batch of 400 doctors will be ready and thus may further aggravate the employment problem.

He said it is imperative to solve the problem of unemployment and utilization of highly skilled manpower for the betterment of the common man otherwise the consequences may be disastrous he said.—PPI

CSO: 4220/52

U.S. SCHOLAR'S VIEWS CRITICIZED

Lahore THE PAKISTAN TIMES in English 11 Oct 81 p 4

[Letter to Editor: "Area Specialist"]

[Text] In a recent talk on Nationalism and Ideology at the Institute of Strategic Studies, Area Specialist Dr. Lawrence Ziring of the West Michigan State University put across what could be termed Brahmin geopolitician Subramaniam's viewpoint--with whom, incidentally, he had a dialogue earlier. Dr. Ziring's theme was full of forebodings. Half a dozen times he stressed the 'great-Power' position of India, hinting, by implication, at Pakistan's poor situation; indicated difficulties of American help from 'that' distance, should the Russians advance southward; stressed crucial nature of the 'coming three months' with expected Russian moves; indicated unlikely return of the Afghan refugees, hinting at Russian calculation about the situation; advised Pakistan to enter into a sort

of regional co-operative arrangement with India (presumably on latter's terms) implying thereby that American support was conditional on that; reminded his audience of Russians' faith in their ideology and scientific system and their belief that history was on their side; referred to Russian thinking and calculation on the regional trends in parts of our country.

He was upset when questioned about some American books (including his own) fanning regionalism. The gamut of his talk and much that could be read between the lines, appeared to be timed and calculatedly conforming to Indo-American thinking. It would be surprising indeed if these soundings, aimed presumably at creating fear-complex, were not officially motivated.

If the Russians think history is on their side, so does every nation, and very rightly, so. That concept has nourished communities and nations throughout history. Muslim dialogue and dealings with the Russian Slavs date back to the time when Pilgrim Fathers had not yet crossed the Atlantic. As regards India being a great Power, Americans need not play Alice in Wonderland. India was a great Power long before the British came to the Sub-Continent and the U.S. appeared on the world map. Difficulty of distance is a curious argument. It could well be asked: Did that distance not exist when CENTO and SEATO were formed under U.S. cover?

Fear-charged pontification of American scholars and politicians is a bad policy, and worse strategy. Dr. Ziring's suggestion of commonness of culture and economics between Pakistan and India betrays lack of appreciation of the historical forces operating in the Sub-Continent. That one regarded as a specialist on Pakistan who has also authored some books, should think the way he does is rather surprising. His audience, composed of academicians and administrative elite, would have been happier had he sounded less awesome.—K. A. HAMID, 98-A, Satellite Town, Rawalpindi.

APPEAL TO SETTLE GRIEVANCES OF NEWSPAPER INDUSTRY

Karachi MORNING NEWS in English 15 Oct 81 p 5

[Text] The All Pakistan Newspapers Employees Confederation (APNEC) appealed to the Government to settle the grievances of the newspaper industry and provide needed facilities in keeping with Islamic justice, according to a Press release.

Mr Usmani, Chairman (APNEC), who lately returned from a tour of the country, urged all newspapers to implement the Wage Board decision since the Government had not put any restrictions on advertisements or the receiving of newsprint.

Mr Usmani said that he met the Federal Information Minister on October 4 and apprised him of conditions in the newspaper industry. He said, "members of the national airlines and the railways receive concessions when travelling abroad but this is not the case with members of the newspaper industry."

He also stated that conveyance allowance for members of the trade unions was inadequate. He also said: "a just policy in the allotment of plots for the members of this industry is an imperative need. These factors are causing much disillusionment in the industry."

Mr Usmani stressed the need for a policy, based on Islamic justice and equality regarding the settling of problems in the industry and providing facilities that are the right of its members.

The Chairman of the APNEC appealed to the Government to take immediate and appropriate measures to eliminate growing demoralisation in the Press and thus create congenial atmosphere.

The newspaper industry, he added, would work for an Islamic society along with the Government.

CSO: 4220/52

RISE IN KARACHI CRIME EXAMINED

Islamabad THE MUSLIM in English 9 Oct 81 p 6

[Text]

KARACHI, Oct. 8. The Deputy Martial Law Administrator Karachi presided over a meeting on Monday to assess the prevalent law and order situation and the reported increase in crime rate.

Addressing the meeting which was attended among others by the Commissioner Karachi, the DIG Police and the Deputy Commissioner and Superintendents of Police in Karachi Division, the Deputy Martial Law Administrator compared the crime figures of the year 1980 to those of 1981 and highlighted the areas where crime had shown an upward trend.

Referring to the activities of anti-social elements in the Division, the DMLA said despite some successful raids conducted by the Martial Law teams and the Police against these elements, the evil still persisted. He opined that a concerted effort on a regular basis was necessary to curb these elements.

He stressed upon the concerned officials to launch an intensive drive against these elements especially the organisers, to wipe them out completely. In this regard he directed the concerned officials to make the Crime Control Committees more effective. He advised the SHOs and the SPs to take all measures necessary to make the functioning of satta dens and sale of narcotics in their respective functional areas impossible. He said that he will judge their performance by their effectiveness in this regard.

Drawing their attention towards

the increased number of fatal accidents, the DMLA pointed out that effective measures should be taken by the DIG Traffic to prevent accidents. He further directed that special efforts should be made to expedite prosecution of defaulters as a deterrent to potential law breakers.

Speaking on the conduct of the government functionaries he stressed the need for exemplary behaviour by officials at all levels to infuse confidence in the public. The DMLA directed that a strict watch over the functioning of the subordinate staff must be maintained by the district and divisional heads.

Speaking on the accessibility of the officials to the public, the DMLA pointed out that open kutheries were not being held regularly by various officers in the required usefulness of such contact as a source of information reflecting true state of affairs in an administrative unit was indisputable, he said. He directed that the DCs and SDMS must hold open kutheries in their respective areas regularly so as to listen to the problems of the general public and redress their grievances where ever possible. He further said that where redress of grievances is beyond their scope, the problems should be referred to Martial Law authorities for further action.

Regarding encroachments, the DMLA directed that once an encroachment had been removed it was the responsibility of the local police to ensure that it did not reappear.

-APP

MEASURES TO END LAWLESSNESS IN INDUSTRY

KARACHI DAWN in English 13 Oct 81 p 3

[Article by Ghulam Dastgir]

[Text]

SHAIKHUPURA, Oct 12: The Federal Labour Minister, Mr. Ghulam Dastgir Khan, has said that special measures are under way to eliminate those disturbing industrial peace or creating lawlessness. He hoped the pace of industrial growth would accelerate after adoption of these measures.

Talking to PPI, the Federal Minister said encouraging results had been achieved after suitable guarantees were given to the private sector.

He said a survey was under way about the nationalised units and those running in loss. They could be handed back to the previous management.

Answering a question, the Federal Minister said recruiting agencies indulging in malpractices or irregularities had been given a stern warning to desist from such activities.

He said that in future if any complaint was received against a recruiting agency or an agent, he would be tried in a summary military court and given an exemplary punishment.

Replying to a question about the activities of a Pakistani firm in Libya, Al-Murtara, the Federal Minister said a special team would leave for Tripoli in a few weeks to look into this affair and those found guilty would be dealt with an iron hand.

He said renewal of recruiting licences was not being undertaken for the time being and this ban would only be lifted after necessary amendment in the rules.

He said licences of about 750 recruiting agencies had been cancelled for indulging in illegal activities or perpetuating fraud on the innocent Pakistanis.

Regarding the new labour policy he said its draft was almost complete. He hoped it would be placed before the Federal Cabinet at its forthcoming meeting at Lahore for final approval.

The Federal Minister said implementation of the new labour policy would consolidate the Islamic system of economy in Pakistan as it protected the rights of both the employer and the employee.—PPI

TCP TO OPEN OFFICES IN KUWAIT, SAUDI ARABIA

Islamabad THE MUSLIM in English 9 Oct 81 p 7

[Text]

KARACHI, Oct. 8: The Chairman of the Trading Corporation of Pakistan (TCP), Aftab Ahmad, said here today that they planned to open Corporation's offices in Saudi Arabia and Kuwait initially to boost the export of Pakistani products in those countries.

In an interview with the APP, he said that feasibility study was underway for opening the TCP offices in other countries also.

The Chairman said, the TCP was now making all endeavours to enter the export market in a big way. He said that the government also expected the TCP to explore all avenues to boost the export of the country side by side with the commercial exporters.

Mr. Aftab said, the TCP channelised the export orders and charged 2 to 2/12 per cent commission

from the suppliers. The TCP was exporting on competitive basis enjoying no monopolistic control.

He said, the main items exported by the TCP were towels, bed sheets, nylon blankets, bed covers etc. to China, bed Sheets, pillow cover to Italy, spices to Sri Lanka, dry dates, crude drugs and rock salt to India etc.

He said, the total export figures of the TCP during 1979-80 were worth Rs 70 million and during 1980-81 worth Rs 120.50 million. He added that during July and August this year the figures stood at Rs.10.113 million the exports are increase, he added. The items exported during July and August include prayer rugs, towels T-shirts, rock salt, crude drugs, terry towels, bed sheets, ready made garments and embroidered vallets. - APP

CSO: 4220/55

PAKISTAN WOOING OIL PROSPECTING FIRMS

Karachi DAWN in English 11 Oct 81 p 10

[Text]

MONTREAL, Oct 10: Finance Minister Ghulam Ishaq Khan has called upon Canadian oil prospecting firms to come forward and invest in Pakistan, as also in mineral and forest development fields in which Pakistan can benefit from inflow of both technology and capital.

Inaugurating the Canada-Pakistan Economic Council here yesterday he said, investment in manufacturing areas, particularly export-oriented industries was also welcome.

He pointed out that because of its close proximity to the booming Middle East markets, the Export Promoting Zone at Karachi provides handsome opportunities to multi-national corporations in establishing competitive production facilities.

"After the completion of the steel mills project," he added, "bulk of the investment in coming years will be channelled through the private sector."

"Even for industries which form a major part of the public sector such as cement, sugar and heavy engineering Government of Pakistan is willing, indeed keen, to encourage foreign private investment."

Mr Ghulam Ishaq Khan elucidating Pakistan's industrial policy said the aim is to encourage simultaneously private investment and public sector efficiency.

To attract private foreign investment he pointed out, the Government has promulgated a law guaranteeing repatriation of principal as well as interest, with no currency restrictions on such repatriation.

Praising Canada's contribution to Pakistan's economic development at government-to-government level, the Finance Minister said: "There is need to establish an equally strong link at the private sector especially with the current revival of private enterprise".

According to our special correspondent Ghani Erabi, the Canada-Pakistan Economic Council's inaugural session was attended by as many as 75 of Canada's top entrepreneurs, underlining the widespread interest aroused by the World Bank and IEP reports recording the progress made by Islamabad in imposing fiscal discipline on the country's economy and giving fillip to its agricultural and industrial development. Those present included representatives of the "Bombardier", Westing House, General Motors, General Electric and Dominion Engineering and they elected Mr Gaston as president of the Canada-Pakistan Economic Council.

Summing up the progress made by Pakistan, Mr Ghulam Ishaq Khan said in the three decades since its independence, the GNP of Pakistan has quadrupled in real terms, agricultural production has doubled and industrial production has grown eightfold. The pace of growth and economic performance has had its ups and downs. The last four years have witnessed a welcome revival from a prolonged drought to self-sufficiency in wheat and sugar has been achieved and exportable surpluses in rice and cotton as well as other farm crops have registered considerable increase.

Earlier, Mr Ghulam Ishaq Khan paid tributes to Canada's contribution to the economic development of Pakistan, particularly in the establishment of infrastructure, the construction of the Warsak Dam and the training of technicians, launching of the oil exploration programme and the reclamation of land hit by waterlogging and salinity.

"The assistance provided by Canada has been of such solid character" he concluded, "that it should be termed as model transfer of real resources from the developed to the developing world."

The Council has the blessing of the Canadian External Affairs Department and Canadian International Development Agency and of the Embassy of Pakistan. But it is a private organisation, consisting of Canadian and Pakistani business firms, and is designed to provide a framework for cooperation, including joint enterprises. So far 31 Canadian firms have joined the Council.

Mr Ishaq Khan said: "I believe that the Council can play a significant role in promoting economic cooperation through dissemination of information about our investment strategies, through organizing exchange of visits of bankers, industrialists, and traders to Pakistan and Canada and through bringing together entrepreneurs of the two countries in organising joint ventures and mutually profitable investments."

—PPI/APP.

RESOURCES TO BE MOBILIZED TO BOOST WHEAT OUTPUT

Karachi DAWN in English 11 Oct 81 p 4

[Text]

ISLAMABAD, Oct 10: Vice-Admiral M. F. Janjua, Federal Minister for Food and Agriculture on Thursday said the Government will mobilise its best available resources plus quality seeds, fertilizers and latest technology to meet this year's wheat target of 12.2 million tons which is 7.5 per cent higher than the last year's wheat production of 11.34 million tons.

The Minister told newsmen about various positive steps which the Government are about to take for better wheat production.

He said the President, General Mohammad Zia-ul-Haq has directed the other relevant Government bodies to cooperate with the Ministry concerned. The President has also asked the Food Ministry to provide the growers with scientific knowledge on harvesting.

Mr Janjua said that a sum of Rs 54.7 crore has been fixed as credit target for loan scheme as compared to Rs 40 crore of the last year. Out of the total amount, Rs 30.4 crore will be released to growers for seeds and fertilizers.

He said the present wheat requirement of the country is about 10.5 million tons, which, he said will increase gradually with the passage of time. Therefore for yielding better wheat output the Government has decided to take more positive steps in regard to basic strategic elements such as water, fertilizers, certified seeds,

modern technology and ofcourse timely sowing of crops.

The Government, he said, will import 2000 tractors to make virgin soil cultivable. The farmers who utilised thrasher and other equipment during harvesting, got more benefit than those who did not, in the past, the Minister said.

He said the problem of water shortage for irrigation will be dealt with more effectively in collaboration with WAPDA.

He said that quality seed gives about 15 to 20 per cent higher yields. The ratio of wheat seeds to be distributed among the farmers this year will be 70 per cent higher as against the last year which was 10.40 lakh maunds, the Minister said.

EDITORIAL ON WHEAT TARGET, STRATEGY

Karachi DAWN in English 15 Oct 81 p 7

[Editorial: "Wheat: Target & Strategy"]

[Text] The production target of 12.2 million tons set for the coming wheat crop by the Federal Government envisages an increase of 0.82 million tons over last year's actual output of 11.38 million tons. This will add up to a 7.2 per cent rise in output which is higher than the rate of increase in the population. During the coming year, the targeted production is expected to leave a marginal surplus after meeting the country's food requirements, but the achievement of the target will depend as much on inputs as on natural factors, especially the weather. For the last four years, various food and cash crops have been showing a progressive trend in production, which is due in part to favourable weather conditions. The production of rice and cotton already leave a surplus after meeting the internal demand. This, together with the attainment of near-self-sufficiency in wheat, can be regarded as a major breakthrough. For over a quarter century Pakistan suffered from a wheat deficit which was a grave blow to the national economy. Self-sufficiency is going to be a great blessing for an oil-importing poor country like Pakistan. But like all other crops, wheat is vulnerable to natural conditions, and the only firm guarantee of self-sufficiency lies in producing a sizable surplus.

The present rate of growth in wheat production is no doubt satisfactory, but from a longer-term point of view, it needs to be accelerated for several reasons. First, the trend towards higher consumption of wheat has been accentuated by urbanisation. Secondly, an increase in the per capita consumption, coupled with the high rate of population growth, will keep the internal demand for wheat on a rising level in the years to come. These factors, coupled with the susceptibility of the crop to natural hazards and the vagaries of the weather point to the need for a sizable increase in output from year to year. This will make it possible to build up and maintain sizable buffer stocks as an insurance against a poor crop. All this implies advance planning, and it is reassuring that the Government agencies are taking appropriate action on a number of related fronts. The measures include arrangements for easy availability of agricultural inputs and credit and the long-term endeavour towards increasing per acre yields. The Federal Food Minister has announced that the availability of certified seed is being increased by 20 per cent and that of fertiliser by 25 per cent. Availability of water is also expected to increase this year as more tube-wells are being sunk and the Government has promised steady supply of diesel oil for power

pumps. An important factor has been the growing push towards mechanised farming. This year again, 20,000 tractors are being imported. The use of locally manufactured mechanical threshers has also found favour with the farmers. Last year, according to official figures, mechanical threshers were used for processing 90 per cent of the entire wheat output in Punjab. It is encouraging that farmers are slowly realising the benefits of modern inputs. To help them further in this direction, the supply of these inputs has to be streamlined, especially for the benefit of small farmers who till the bulk of the farmland.

A major factor in the agricultural operation is the adequate and timely availability of credit facility. By the present reckoning, the outlook seems bright. As against last year's actual disbursement of Rs. 4,000 million, the target set for the coming crop is Rs. 5,427 million. One hopes that a larger share of the total amount of credit will be provided to smaller farmers. Last year, interest-free loans totalling Rs. 719 million were disbursed among small farmers and it is hoped that this year the quantum will be increased further.

The basic drawback of low productivity on the farms is yet to be tackled in a vigorous way. It is reassuring, however, that the Government has decided, as a matter of strategy, to enforce measures to increase the per acre yield, rather than relying on an increase in the area under cultivation, to achieve the target of wheat production. A comprehensive research project has been completed recently. As a result, it has been discovered that in spite of efforts towards the popularisation of modern farm technology, the farmers' average yield under normal farm conditions is very low. A major reason appears to be that rich and large landowners manage to pre-empt a disproportionately high share of the improved inputs and credits, thus leaving the bulk of the farm land, owned by small owners, untouched by modern farming strategy. Small farms are also generally ignored by extension services which concentrate on big farms to show better results. These are some of the problems and shortcomings that need to be looked into carefully, so that proper remedial action can be taken without delay. In addition, attention has also to be given to the results of research work done within the country and to recommendations made on their basis. This is how it will be possible to achieve a productivity level, comparable at least to the standards of minimum achievable output set by international farm research for developing countries.

CSO: 4220/51

BRIEFS

POWER STATION NEAR GILGIT--Gilgit, Oct 10--WAPDA will soon undertake the construction of a 360 million rupees 10-megawatt hydel power station near Gilgit under the directions of President Gen Mohammad Ziaul-Haq. Details about the project were discussed at a high-level meeting held in Gilgit recently under the chairmanship of the Martial Law Administrator, Zone 'E', Maj Gen Imtiaz Waraich. Later, it was disclosed that the project will be completed in two phases, in four years' time. In the first phase, half the capacity of the power station will be completed to meet the urgent needs of Gilgit city. Chairman, WAPDA, said that the site for the power station had been selected after extensive survey and it was hoped that the construction of the dam on Gilgit River, a few miles from Gilgit, would start soon. Maj-Gen Waraich stressed the need for accelerating the pace of work on the site. He assured WAPDA of all possible help. [Text] [Karachi DAWN in English 11 Oct 81 p 4]

BID FOR PARTIES' ALLIANCE--Fresh efforts have been initiated for the formation of a broad-based alliance of pro-Islam and pro-Pakistan political parties with Pir Sahib Pagaro and Maulana Shah Ahmed Noorani playing a leading role in it. According to reliable sources, a meeting of the defunct Pakistan Muslim League (Pagaro group), to be called shortly by the party chief, will discuss this issue. The sources added that certain sections are opposing the entry of defunct Jamaat-i-Islami into the proposed alliance. Similarly some other quarters are taking plea to keep the defunct PPP out of the new alliance. By and large, other parties are willing to cooperate with the leaders who are currently engaged in the formation of the new alliance. Maulana Shah Ahmed Noorani, chief of the defunct JUP, has held a series of meetings with several leaders recently and exchanged views on this subject.--PPI. [Text] [Karachi DAWN in English 16 Oct 81 p 1]

FOODGRAIN GODOWNS TO BE BUILT--Faisalabad, Oct. 15--The Federal Government has chalked out a plan for constructing a number of foodgrain godowns in the country with the help of the World Bank and the Asian Development Bank said here yesterday. Disclosing this here yesterday, the Vice-Chancellor of the University of Agriculture, Faisalabad, Mian Muntaz Ali said, it had also been decided to associate the private sector in the project. The Government, he said, would provide 60 per cent of the total cost as loan to private parties and would acquire these godowns on rent for 10 years. The Vice-Chancellor was inaugurating a training course on pest control and protective measures for stored foodgrains losses at the University campus. He said that at present the Government had godowns with a capacity of 2.5 million tons while new godowns with 1.1 million tons capacity were planned to be completed by July 1982 to meet storage requirements of the

next Rabi crop. The training course, he said, had been sponsored by the University at the request of the Punjab Government for 500 Assistant Food Controllers and Food Inspectors. They would be trained for protecting stored foodgrains and avoiding losses during storage. Training course for these officers would be completed before the next wheat harvesting so that they might be able to control pests and take preventive measures on scientific lines to avoid foodgrain wastage in godowns.—APP. [Text] [Karachi DAWN in English 16 Oct 81 p 12]

SUGARCANE ADVISORY COMMITTEES--Lahore, Oct. 15--To sort out the problems of growers and devise ways and means for the development of sugarcane in zone areas, advisory committees were set up for all the sugar mills in the province. These committees were formed after the Sugarcane Control Board met here yesterday under the chairmanship of Mr. Rafiq Haider Khan Leghari, Provincial Food Minister. Since the crushing season is starting this month, these committees have been asked to hold their first meeting in the first week of next month and these bodies should meet once every month. The ex-officio chairmen of these committees would be the Assistant Commissioners. In case of their absence, the General Managers of the respective mills will preside over. The Representative of growers who is also member of the Sugarcane Control Board and chairman of the respective Marakiz Council will be the permanent member. The Chairman of Marakiz Council of zone area of the mills will also be the member. The Board discussed at the meeting the viewpoints of the growers and mill managements threadbare and decided to establish 20 more purchasing centres. The mill managements were asked to arrange payment to growers within a fortnight and the staff posted at purchasing centres should be liable to transfer after a year. Moreover, the sugar mills will provide two rooms for the use of growers as rest-houses. It was disclosed at the meeting that in view of the bumper sugarcane crop, the sugar production will rise to about five lakh tons as compared to last year's production of 4.08 lakh tons. A subcommittee comprising three members each from growers and mill managements was also formed to suggest amendments in the existing Sugar Factories Control Act/Rules.--APP. [Text] [Karachi DAWN in English 16 Oct 81 p 12]

FORGED 'TAX STICKERS' ARREST--The FIA has arrested an employee of a foreign airline in connection with the sale of 'tax stickers' to Haj pilgrims. The employee was identified as M. Ilyas who was found in possession of 150 forged stickers of 100-rupee denominations. Meanwhile, the FIA is trying to locate one Abdul Qadir Sain for questioning about this 'illegal' trade. The FIA sources maintained that Sain is a former Assistant Traffic Supervisor of PIA who supplied the forged stickers to his accomplices after bringing them from Hong Kong. Inquiries revealed that Qadir Sain was once convicted in Hong Kong for forgery and was dismissed from service. [Text] [Karachi DAWN in English 16 Oct 81 p 18]

WHEAT PROCUREMENT PRICE--Lahore, Oct. 15--Vice-Admiral M. Fazil Janjua, Federal Minister for Food and Agricultural, today said that the Government was making every effort to provide inputs to the farmers on time to increase per acre yield side by side ensuring that they got better return for their agricultural produce. Speaking as chief guest at the first session of All Pakistan Kisan Board Conference here, the Minister said that during the last three years the Government had increased the procurement price of wheat from Rs. 37 per maund to Rs. 58 per maund to ameliorate the lot of the small farmers, who formed the backbone of the

country's economy. He said that whereas the new sowing season had started the Government was again considering whether to increase the procurement price of wheat. However, he added, as the country was on the threshold of self-sufficiency in wheat production and might soon be able to export wheat, the Government would have also to take into account the price structure in the international market.--APP. [Text] [Karachi DAWN in English 16 Oct 81 p 22]

SEED PROCESSING PLANTS--Islamabad, Oct. 12--The Government is setting up four seed-processing plants--three in the Punjab and one in Sind--to meet the requirements of quality seeds. Of these, one plant in the Punjab and one in Sind are expected to become operative by the end of this year or in early 1982. The total capacity of these plants is estimated at 16.5 lakh maunds which would meet about 50 per cent of the country's total requirements of wheatseeds for the coming crop. The provision of quality seeds is an important part of the Government's farm policy as quality seeds give about 15 to 20 per cent higher yield and are resistant to diseases. For the coming wheat crop the Punjab would require 23.76 lakh maunds of seeds, Sind five lakh maunds, the NWFP 3.49 lakh maunds and Baluchistan 85 thousand maunds of seeds. The balance requirements are to be met by farmers through their seeds or by purchasing them from the private sector. However, the Government has asked farmers not to buy substandard and uncertified seeds.--PPI. [Text] [Karachi DAWN in English 13 Oct 81 p 10]

GWADUR PORT FINANCING--Japan has backed out from its commitment to finance the mini-port at Gwadar, some 300 miles west coast of Karachi, it was learnt in Karachi. The Japanese International Consulting Agency (JICA) had completed the feasibility of the project and spent nearly one million dollars for the job which was completed recently by a team of six experts. The Government of Pakistan, in view of the economic viability of the project, would now seek help from other countries and aid giving agencies, sources said. The Japanese Government had pledged 30 million dollars for the project as grant-in-aid. The mini-port was primarily meant for improving the fish catch and to fully develop the fishing industry. A small jetty has been built recently some five kilometres from the proposed site of the port. [Text] [Karachi DAWN in English 15 Oct 81 p 1]

INDIAN TRADE FAIR PARTICIPATION--Pakistan is going to set up a pavilion at the International Trade Fair being organised at New Delhi from Nov. 14, to Dec. 4, 1981. The Gujranwala Chamber of Commerce and Industry is participating in the fair in collaboration with the Export Promotion Bureau, says a Press release from the Chamber. The manufactures to be displayed are air conditioners, electrical appliances, washing machines, electric lights and switch gears, non-stick kitchen-ware and stainless steel utensils. PPI adds: A convoy of 20 heavy vehicles of National Logistic Cell loaded with 10 tonnes of equipment will cross Wajal-Attarri border into India on October 20 to transport a variety of items for display in Pakistani pavilion to be set up in international trade fair. [Text] [Karachi DAWN in English 15 Oct 81 p 9]

HIGHWAY TO BALUCHISTAN, NWFP RURAL AREAS--The tribal and rural areas of Baluchistan and NWFP will be better interlinked for trade and traffic through the proposed construction of about 360-kilometre long inter-provincial highway. It is estimated to cost about Rs. 1,120 million and would take four years to complete. Official sources in Quetta say that the highway will connect Wahna in South

Waziristan Agency with Muslim Bagh in Zhob Agency. The highway would pass through difficult mountainous terrain rich in mineral and other natural resources.--Radio Pakistan. [Text] [Lahore THE PAKISTAN TIMES in English 12 Oct 81 p 8]

HIGHWAY TO SIND, BALUCHISTAN--Quetta, Oct. 11--An inter-provincial highway is proposed to be built to link Baluchistan with Sind for better trade and traffic facilities. It is estimated to cost about Rs. 900 million and take four years to complete. The proposed 290 kilometres highway would link Khuzdar with Sukkur via Shahdadkot. The highway on completion would shorten the distances between Khuzdar and Sukkur by about 370 kilometres, besides providing an alternate link between Baluchistan and Sind and better facilities of road traffic for the people of southern parts of this province. At present the people travelling from Khuzdar to Sukkur have to cover 668 kilometres.--APP. [Text] [Lahore THE PAKISTAN TIMES in English 12 Oct 81 p 8]

DRIVE TO CONTROL BIRTH RATE--Karachi, Oct. 12--The Federal Government has launched a three-year population welfare planning programme aiming at reducing the birth rate and raising the standard of living of the masses in the country. [Text] [Lahore THE PAKISTAN TIMES in English 13 Oct 81 p 3]

LENTIL PROCUREMENT--The Pakistan Agricultural Storage and Services Corporation (PASSCO) will start procurement of 'moong' and 'mash' pulses in the third week of the current month, according to a PASSCO source. Procurement centres have already been set up near all important markets throughout the country for this purpose. The Federal Government has directed PASSCO to purchase a total of 10,000 tons of both the pulses. The target may be revised if the crop yield was better than expected, according to these source.--PPI. [Text] [Lahore THE PAKISTAN TIMES in English 13 Oct 81 p 3]

VEGETABLE SHORTENING PRICE RISE--Lahore, Oct. 11--The consumption of vegetable ghee in Pakistan has increased by about 227 per cent during the past one decade, according to official statistics. The vegetable ghee production was 89,835 tons during 1971-72 which gradually rose to 2.93,600 metric tons during 1980-81. The number of ghee manufacturing units rose to 16 from 14 during 1971-72. The prices of ghee also rose by over 200 per cent during the past decade i.e. from Rs 3 per kg to Rs 10 at present. The main reason for this augmented dependence on vegetable ghee is increase in population and slow pace of development in the country.--PPI. [Text] [Karachi MORNING NEWS in English 12 Oct 81 p 5]

ITALIAN AWARD--Islamabad, Oct. 14--The Prime Minister of Italy, Mr Givonni Spadolini, on Monday awarded a trophy "Pioneer of Italian work in the world" to the Islamic Republic of Pakistan in recognition to Pakistan's utilization of Italian technical know-how in the field of development. Maj-Gen Shafique Ahmad, Federal Secretary for Housing and Works, received the trophy on behalf of the Government of Pakistan in Rome at the opening ceremony of the 17th international exhibition 'Samote' featuring machines for earth-moving, construction and building industry. The organisers of Verona fair decided to invite high ranking Pakistani official, competent in the field of public works, to receive this year the trophy there. In consideration of the competence of Gen. Shafique Ahmad in the relevant field, he was nominated to receive the trophy and represent Pakistan at the fair.--APP. [Text] [Karachi MORNING NEWS in English 15 Oct 81 p 3]

UNLICENSED ARMS--A Summary Military Court here tried two persons namely Sattar Ali Khan s/o Jahangir Ali Khan and Taj Mohammad s/o Yousuf Khan under MLR-8 and awarded them one year rigorous imprisonment and fine of Rs. 10,000/- each. In default of payment of fine the same will be recovered as arrears of land revenue. The accused persons were arrested on June 28 for possessing 49 unlicensed 32 bore revolvers and 5178 live cartridges. [Text] [Karachi MORNING NEWS in English 15 Oct 81 p 8]

CONTRABAND GOODS SEIZED--The Airport Customs staff in various raids recovered and seized contraband goods worth over Rs. one million and detained five persons for interrogation in this connection during the last three days, says a Customs Press release. The contraband goods seized from incoming and outgoing passengers include over 60 kilogram of artificial jewellery, about 400 watches, considerable quantity of ornaments made of white gold and studded with precious stones, and huge amount of Pakistan and foreign currencies. The Customs staff apprehended an air passenger who had arrived from Bangkok with two suitcases full of artificial jewellery and thousands of plastic flowers. The passenger attempted to pass through green channel by not declaring anything objectionable. The attempt was however foiled by the vigilant customs staff. The value of goods recovered comes to over Rs. 2 lakh. The customs staff also held a lady passenger who had arrived from Bangkok by a Thai plane on Friday. She had concealed 328 watches on her person with the help of adhesive tape. The watches recovered were of a popular brand fitted with calculators and are estimated to be of Rs. 3 lakh in value.--PPI. [Text] [Karachi MORNING NEWS in English 18 Oct 81 p 5]

EXPORT TO SOMALIA URGED--Mr. G.R. Arshad, Honorary Consul of Somalia in Pakistan yesterday said that Somalia offered a reasonably good market for a large variety of Pakistan's exportable items including textiles, readymade garments, tarpaulin, iron and steel products and food items. Mr. Arshad who held a meeting with Mr. Mohammad Yousaf Zia, President, Federation of Pakistan Chambers of Commerce and Industry in the Head Office of FPCCI yesterday suggested that Pakistan should establish an export display centre in Mogadishu so that the Somali importers might at a glance know the exportable items from Pakistan. He further informed that Pakistan had extended an invitation to a Somali trade delegation to visit Pakistan to have on the spot assessment of Pakistan's export potential. Mr. Zia noted that there had been a steady decline in Pakistan's export to Somalia. Mr. Yousaf Zia expressed satisfaction over the staff of a regular shipping service and hope that this would greatly help in promoting trade between the two countries, said a Press release yesterday. [Text] [Karachi MORNING NEWS in English 18 Oct 81 p 7]

SMUGGLED CAR, GEMS SEIZED--Customs Intelligence staff traced out and seized a Mazda motorcar No. (SA 3734) from a Libyan national. The car was illegally retained in the country without payment of customs duty and sales tax. The same staff also seized precious stones valuing Rs. 30,000 from an Afghan national, Satel Singh who had arrived at Lahore Airport from Delhi by air. The precious stones were concealed by him in his turban. He was arrested and booked under the law. [Text] [Lahore THE PAKISTAN TIMES in English 13 Oct 81 p 3]

LENTIL DEALERS DECLARATION--The Bureau of Supply and Prices, Sind has reminded all traders of pulses to declare their stock of pulses in writing to the concerned Deputy Commissioner. Declaration of stocks are necessary under MLO-116 and the defaulters will be dealt with severely under the law. All traders are reminded that the hoarding and speculation are not only unlawful but also immoral. [Text] [Karachi MORNING NEWS in English 18 Oct 81 p 7]

IMPORT OF SMALL TRACTORS--October 8--Import of small tractors is envisaged under the new policy which is to be framed by the Agricultural Mechanisation Board. According to the Federal Food Minister, due consideration for import of small tractors will be given because big tractors were of little use on small farms. The new policy, however, will not allow indiscriminate import of any tractor. Only those tractors will be allowed where the progressive assembly and manufacture in the country is ensured. At present only five standardised tractors were being imported on the condition that the country too, will participate in assembly and manufacture of tractors. [Text] [Lahore THE PAKISTAN TIMES in English 9 Oct 81 p 10]

GAS ACCORD SIGNED--A gas sale purchase agreement has been executed between Messrs Galadari Cement (Gulf) Ltd. and Sui Gas Transmission Company. By this agreement SGTC will supply the gas requirements of Galadari for their proposed plant being set up at Lasbela. The project envisages the laying of a 14-inch diameter pipeline from the offtake point located on the company's Indus Right Bank pipeline right up to Lasbela, i.e. a distance of about 35 miles. Foreign exchange component of this project (\$4.2 million) will be arranged by Galadari. The agreement was signed by Mr Lateef E. Galadari, Chairman of Galadari Cement and Mr F.K. Khilji, Chairman and Managing Director of SGTC in the presence of Mr Yousuf Haroon, Federal Minister of Interior. [Text] [Karachi MORNING NEWS in English 19 Oct 81 p 5]

CSO: 4220/55

MARCOS URGES ALL-OUT PARTICIPATION IN LIVELIHOOD PROGRAM

HK030125 Manila FEBC in English 2330 GMT 2 Oct 81

[Text] The president has urged all-out participation of both the private sector and the cultural communities in the Kilusang Kabuhayan at Kaunlaran [KKK] program. Mr Marcos said he will step up the movement upon his return from the summit meeting in Mexico. The president pointed out before the Malacanang newsmen that his main concern was to strengthen the domestic condition. Our problems are more domestic than anything else. Unless we strengthen our domestic situation, nobody will help us.

He indicated that when the rainy season ends, he expects to travel around the Philippines to see the other sectors of the citizenry and explain to them the KKK program. It is your program, you had better participate in it. President Marcos said that he did not intend to go to the mainland of the United States because he wanted all the big industrial projects launched properly and without delay to sustain the KKK livelihood program.

President Marcos also created yesterday the Kilusang Kabuhayan at Kaunlaran marketing coordinating center to ensure viable livelihood projects. The president issued Executive Order 737 creating the KKK coordinating center to link up foreign and local buyers with Kilusang producers. The center also aims to work out comprehensive marketing information including demands from both foreign and local markets for Kilusang participants. The president also ordered national food administrator (Jesus Vantiago) to work with other ministries and agencies in providing the marketing components of the movement. Mr Marcos said that the Kilusang marketing center will also set up closer links with the private and government sectors taking part in the Kilusang program.

The center, the president added, will coordinate marketing strategies, particularly the setting up of marketing outlets, for various Kilusang products.

CSO: 4220/43

DENDRO PLANT OPERATIONAL IN JANUARY 1982

Manila PHILIPPINES DAILY EXPRESS in English 27 Sep 81 p 3

[Article by Leonardo V. Micua]

[Text]

BOLINAO, Pangasinan — The Philippines' first dendrothermal plant will be operational in January next year, setting a new dimension in the nation's march to progress.

The dendro-thermal plant will be the first of its kind in the world to use firewood in generating electricity for the homes and industries.

The dendro-thermal plant is located in Bolinao, some 70 kilometers northwest of Dagupan City.

It is being built by the Pangasinan Electric Cooperative (PANELCO) at a cost of P44 million.

...

THE DENDRO-THERMAL plant will be capable of producing a minimum of 3.4 million megawatts of electricity. The power is more than enough to meet the needs of over 30,000 households in Western Pangasinan.

With only the boiler and other mechanical components remaining to be installed, the project is expected to generate power for electric consumers in Western Pangasinan by late January.

The timetable for the completion of the project was set by the National Electrification Administration (NEA), World Bank and Asian Development Bank (ADB) which loaned the amount to finance the project.

...

PHASE ONE of the project, which is about 80 percent complete, consists of the planting of over 15 million fast-growing ipil-ipil trees in Panelco's 1,400-hectare plantation area in Cape Bolinao.

Tree planting started in March 1980 following the designation by the Bureau of Forest

Development (BFD) of wide suitable lands in Bolinao for the massive propagation of ipil-ipil on a cooperative basis.

To bring the social and economic benefits of the project down to the grassroots level, PANELCO signed an agreement with 100 farmer-cooperators to undertake the planting of ipil-ipil.

The cooperators will sell their products to PANELCO for use in the dendro-thermal plant. After 25 years, when the PANELCO loan shall have been fully paid, the cooperators shall become co-owners of the plant.

...

THE FINAL phase of the project, to start by early December, will be the installation of giant boilers, a cracker and chipper, turbines and an aerial transport systems between the plant site and the ipil-ipil plantation.

PANELCO General Manager Arnulfo Cabrera left recently for Europe to shop abroad, possibly France, the mechanical requirements of the dendro plant.

Based on plans the ipil-ipil trees produced in PANELCO'S plantation areas will fuel the boilers to produce steam energy. The turbines, adjuncts to the plants, will convert the steam to electric energy.

Of the P44 million loaned to PANELCO, P30 million were earmarked for the purchase of much-needed plant equipment. The rest of the amount will finance the establishment of ipil-ipil plantations, and infrastructure facilities. (PNA)

MISUARI OFFERED SAFE CONDUCT PASS

Manila PHILIPPINES DAILY EXPRESS in English 8 Oct 81 pp 1, 6

[Text]

DEFENSE MINISTER Juan Ponce Enrile renewed yesterday a government offer for a "safe-conduct pass" to Middle East-based rebel leader Nur Misuari to enable him to move freely in Mindanao and see the conditions there.

Misuari can now travel anywhere in the South and the armed forces will not touch him, Enrile told five visiting journalists from Saudi Arabia who called yesterday at the defense ministry.

The newsmen were: Abdul Majid Shobokshi, editor-in-chief of *Al Bilad* and father of the Saudi Arabian ambassador to the Philippines; Shamsuddin Asari, city editor of *Arab News*; Khalid Abdulrahim, deputy editor, *Saudi Gazette*; Randal Palmer, chief of reporters of the *Gazette*; and Othman Al Omer, managing editor, *Al Jazeera*.

"He (Misuari) should see for himself if he still commands following in Mindanao contrary to what he is flaunting in Middle East circles," Enrile said.

...

LATEST WORD was that Misuari is still in Libya, his sanctuary for years, and where he is reportedly regrouping other self-exiled leaders of the Moro National Liberation Front.

Enrile revealed to the visiting newsmen that Misuari is attempting to form a new group but did not elaborate on what relations the new organization will have with the crisis-plagued MNLF.

At least three groups - one led by Misuari, another by Hassim Salamat and the other by rebel commanders in Mindanao who rejected the MNLF's secessionist moves - are known to be in the midst of a power struggle that has disorganized MNLF operations in the South.

...

BUT EVEN as Enrile reiterated the invitation to Misuari, Mindanao-based MNLF leaders who met the visiting newsmen yesterday expressed doubts on whether Misuari will go back to Mindanao.

MNLF commander Jamil Lucman, alias Jungle Fox, who helped Misuari form the MNLF, said the latter no longer has a place in Mindanao.

"He is a traitor," Lucman said of Misuari.

Lucman said the MNLF basically was a movement for reforms until Misuari introduced the separatist idea, apparently, he said, upon advice of some foreign supporters. All the trouble bugging the MNLF now was caused by the secessionist idea, he added.

ANOTHER MNLF leader, Hussein Loong, now an assemblyman, also expressed contempt for Misuari. He said that some 40,000 MNLF members and supporters in the South who have joined the government are satisfied with the concessions, especially in regional economy and politics, the government has given the Muslims.

Loong told the Arabian newsmen that majority of the Muslims abide by the idea that Philippine sovereignty should be the first consideration in organizing the autonomous governments in Regions 9 and 12.

Other Muslim leaders who met the visiting newsmen were Amelil Malaquok, alias Commander Ronnie of the MNLF, and Justice Mama Busran.

MARCOS RESTORES COCONUT LEVY

Manila BULLETIN TODAY in English 3 Oct 81 pp 1, 9

[Article by Willie Ng]

[Text]

President Marcos signed a decree yesterday restoring the coconut levy which was suspended Sept. 9, but the amount of the levy is reduced from P76 to P50 per 100 kilos.

The President, issuing the decree before 10,000 coconut farmers at Malacañang's Maharlika Hall, said that the levy, although reduced, would prop up the sagging coconut prices in both the local and world markets.

The restoration of the levy would also ensure the continuation of the programs initiated and supported by the levy.

The coconut farmers professed to be more than satisfied by the move.

The levy, called the Coconut Industry Stabilization fund, would split the P50 in this way: P20 for the coconut replanting program, P4 for the scholarship program, P12.50 for the life and accident insurance coverage for the 45,000 coconut farmers;

P8.50 for the liquidation of the obligation of the United Coconut Millers for the mothballed coconut mills; P3 for the operation of the Coconut Planters federation, and P2 for the Philippine coconut authority.

The President issued the decree restoring the levy, noting the farmers' urgent petition to him and the fact that the

Batasang Pambansa was not in session.

He said that the "desperate situation of coconut farmers and their families cannot be allowed to continue for another day."

He ordered the PCA to meet oil millers and exporters to find out who would engage in exports and who would concentrate on the local marketing in order to achieve an orderly marketing of coconut products.

In their petition, the farmers said that as a result of the levy's suspension, the following would result or already have resulted:

1. The domestic prices of copra and its equivalent in coconut prices have become uneconomic with the lowest reported price of 30 centavos per kilo.

2. There will be 5,694 President Marcos-Cocofed scholars and 17,971 Juan Ponce Enrile-Cocofed high school and vocational scholars who cannot continue their studies.

3. Some P4.5 billion worth of insurance for the farmers will lapse.

4. The hybridization and replanting program will be discontinued and the more than P500 million already spent on it will go to waste—as the seed-nuts already produced will end up rotting.

5. The rationale for the coconut oil milling industry goes down the drain.

6. The copra-buying centers under the Coconuts Marketing Corp. will fail, and the farmers' credit system under the United Coconut Planters bank will be endangered.

7. Current foreign commitments and obligations entered into and incurred for the benefit of the farmers may end up unpaid for, jeopardizing the Philippines' international credit standing.

The President ordered the United Coconut Millers to buy up all surpluses in the market.

He said that the levy was suspended upon the petition of a group claiming to represent

coconut interests.

The group, including some assemblymen, asked for a free market for coconuts, claiming the levy was collected against the wishes of the farmers.

The levy came into being in 1973, when coconut prices hit its peak in the world market. It was to serve as a subsidy for coconut oil.

When coconut prices went down, the levy was a hedge against further price declines. It started to become part of the computed cost of copra which millers and exporters had to pay.

In the past three weeks, the price of coconut oil in the world market went down from \$0.28 to \$0.23, and with the levy suspended, millers stopped buying copra at the usual price of P2 a kilo.

IRAQ ASSURES OIL SUPPLY

Manila BULLETIN TODAY in English 3 Oct 81 pp 1, 11

[Text]

BAGHDAD, Oct. 2 — "The Philippines will never face another oil crisis. We will not allow it to happen now or in the future."

This was the pledge given yesterday to the First Lady, Imelda R. Marcos, by Iraqi Oil Minister Tayeh Abdul Karim who also promised to sell oil to the Philippines at friendship prices.

Iraq first helped rescue the Philippines from an oil crisis last year. This is one reason Mrs. Marcos is here on a four-day mission.

Now the second biggest oil exporter after Saudi Arabia, Iraq has proven oil reserves of over 31 billion barrels. It supplies 15 per cent of Philippine oil needs.

Karim also disclosed that on orders of President Saddam Hussein, priority will be given to Filipino workers in Iraq's construction efforts. A delegation is leaving for Manila immediately to hire more workers. There are 10,000 Filipino workers here.

On her first day here, Mrs. Marcos also:

- Signed a trade agreement with Trade Minister Hassan Ali to promote and diversify trade relations.

- Obtained a promise of Housing and Construction Minister Mohammad Fadhil Hussain Al Habboubi to hire capable Filipino construction companies for big Iraqi projects.

- Promoted the Kilusang Kabuhayan at Kaunlaran. A big trade delegation will visit the Philippines soon to survey the market for consumer goods for Iraqi industrial needs.

- Attended the opening of the 18th Annual Baghdad International Trade Fair.

- Met with members of the diplomatic corps to strengthen ties with other countries.

The first trade agreement between Iraq and the Philippines called for the setting up of a trade center and fairs. A joint Philippine-Iraqi committee will be organized and

will meet annually to fulfill the provisions of the agreement.

The two governments will also offer each other the most-favored-nation treatment on customs duties, taxes and other charges.

After the signing, Minister Ali said, "I will personally follow up the implementation of this agreement and put it into immediate action for a closer and effective development of friendly and trade ties between our countries."

Through Mrs. Marcos, Ali thanked the President and the Filipino people for participating in the trade fair which he considered an important event in the Middle East.

For her part, Mrs. Marcos thanked the Iraqi government and leaders for employing Filipino workers and offered the country's sugar, textile, shoes, garments, copra, cottage industry products and industrial minerals. She invited the trade minister to visit the Philippines for a closer look on Philippine products.

She added that with the employment of Filipino workers the Iraqi government is helping the Philippine government improve the life of the Filipino people.

Mrs. Marcos also thanked the housing and construction minister for understanding some problems encountered with Filipino construction firms.

With the trade agreement, Mrs. Marcos said the Philippine government will set up a mechanism to supervise and check all contracts entered into by private companies with Iraq.

"I must confess that all the business relations with your country were initiated by the private sector," she said.

CSO: 4220/45

EXPORT GROWTH PROJECTED AT 13 PERCENT

Manila BULLETIN TODAY in English 6 Oct 81 p 2

[Text]

With just the last quarter to reckon with, the Central Bank now projects export receipts to register a growth rate of 13 per cent in 1981, compared to the actual growth of 26 per cent last year.

Export volume is projected to grow by 5.0 per cent compared to 18 per cent in 1980.

It pointed out that the lower increase in both the dollar receipts from exports and in volume was due to the slackened demand and depressed prices suffered by the country's export commodities on account of the recessionary conditions which prevailed in the world markets. The value of principal primary exports was projected to grow by only 4.0 per cent this year, with declines for sugar and copper being offset by modest increase for coconut products and a substantial increase in forest products.

Manufactured exports, on the other hand, are projected to grow by 21 per cent this year, compared to the 32 per cent growth posted in 1980. The value of imports, which registered an annual increase of 25 per cent in 1980, is estimated to rise by 14 per cent this year. In addition to the lower growth rates for capital goods and for raw materials and intermediate goods imports, the rise in oil import payments will be more moderate this year, as prices are easing and the volume will rise a little because of conservation efforts, substitution by domestically-sourced energy, and the use of part of the last inventories accumulated toward the end of last year.

CSO: 4220/45

BRIEFS

MARCOS DENIES RICE SHORTAGE--Manila, 4 Oct (AFP)--Philippine President Ferdinand Marcos dressed down his agriculture minister for releasing alarming reports of a possible rice shortage next year and said the country enjoys "adequate supplies and there is no need to fear." Following statements from Minister Arturo Tanco, also head of the World Food Council, that the country may have to start importing rice again next year, the president said the statement was "premature and merely precautionary," reports today said. He warned his cabinet that "no news releases should be issued on mere speculation particularly if they are of alarming nature without consulting the leadership." Mr Tanco had earlier warned that there was an 8 percent decline in rice planting last year, adding that "this worries the hell out of me." The president, however, ordered the National Food Authority to start buying more rice harvests from farmers in accordance with Mr Tanco's recommendations to discourage them from shifting to other more profitable agricultural crops. [Text] [BK041423 Hong Kong AFP in English 0316 GMT 4 Oct 81]

WARNING AGAINST SPREADING RUMORS--The national government continues to adhere strictly to the time-honored principle of free and responsible exercise of possession. However, it will not tolerate continued and malicious circulation of rumors that undermine national security and the people's confidence in the country's leadership. This government policy on mass media was reiterated by Minister Gregorio Cendana of the Office of Media Affairs in a speech delivered at the convention of the Mindanao Press and Radio Association in Davao City. Cendana stressed that the national security code penalizes those who publish, distribute, circulate and spread rumors, false news as well as information and gossip. Those found guilty of this specific provision face imprisonment ranging from 6 months to 8 years. [Text] [HK100640 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 10 Oct 81]

TRADE TIES WITH CANADA--Philippine Foreign Minister Carlos P. Romulo has called for a review of the existing trade agreement between the Philippines and Canada. Now worth more than D200 million, Mr. Romulo wants trade between the two countries to improve further. He made the call during his talks with Canadian External Affairs Minister Mark MacGuigan in Ottawa. [Text] [Manila FEBC Radio International in English 0230 GMT 10 Oct 81]

BRIEFS

USSR RUBBER PURCHASES--The Soviet Union has entered the local rubber market importing 500 tons per month in the initial stages. The Trade Ministry is hopeful of increasing this amount in due course. According to the ministry, a number of East European countries have also made inquiries for the purchase of rubber from Sri Lanka. Local representatives are already in those countries for negotiations. The export of rubber to China will continue. But measures will be taken to find new markets for rubber. [Excerpts] [BK141101 Colombo International Service in English 1045 GMT 14 Oct 81]

OIL STORAGE FACILITY--Replying to a question raised during adjournment by the member of parliament, Gampaha, (S.P. Bhandaranayake), acting Minister of Foreign Affairs (Tidon Fernando) said that the government has decided to set up an international oil storage terminal at China Bay, Trincomalee, in collaboration with the Coastal Corporation of Sri Lanka. He said that the agreement did not in any way affect Sri Lanka's nonaligned policy or the Indian Ocean peace zone proposal. He stressed that oil will not be supplied to warships. He said that one of the important clauses in the agreement with the American firm is that it shall adhere to and comply with all directives that may be given by the government for the purpose of maintaining national security, defense of the country and its foreign policy. [Text] [BK091341 Colombo International Service in English 1045 GMT 9 Oct 81]

CSO: 4220/43

LUCRATIVE BUSINESS OF FLAG OF CONVENIENCE SHIPPING DISCUSSED

London 8 DAYS in English 10 Oct 81 pp 42, 43

[Text]

ONE OF the world's youngest countries, Vanuatu, is about to challenge Liberia and Panama for the lucrative business of flag of convenience shipping. After only a year of independence the Pacific Ocean country, formerly the New Hebrides, has passed the legislation, laid down a scale of charges, established offices in New York and signed the first vessels on to its register to fly the green, red, black and yellow flag of Vanuatu.

Officials in Port Vila believe that there is a gap in the international shipping market, especially as Liberia is raising its charges. Liberia has retained the \$1.20 per net tonne charge for registering but increased the annual tonnage tax from 20 cents to 30 cents and plans to raise it further to 35 cents and then to 40 cents.

'Such an increase might seem small,' said Peter Leversedge, head of Investors Trust in Port Vila and one of the main planners behind the Vanuatu register, 'but if you are a big shipowner with millions of tonnes of vessels, it can make a big hole in your budgeting.'

Vanuatu has its own financial imperatives for establishing an international shipping register. The country used to be ruled jointly by Britain and France and had a top-heavy civil service — in fact, three separate administrations, British, French and local.

In a new country with only 120,000 people spread over a large number of islands, with no income or corporation tax — and the possibility that collecting it would be more expensive than its yield — and with a budget propped up by foreign aid, any extra source of revenue is extremely useful.

Vanuatu's charges are on average less than Liberia's. There is a sliding scale for entry to the register, ranging from \$1.50 a net tonne for vessels of up to 5,000 tonnes, \$1.25 for vessels of 5,001 to 25,000 tonnes and \$1 a tonne for vessels of more than 25,001 tonnes. The annual tonnage tax is a flat 25 cents a net tonne.

Like Liberia, Vanuatu has opened offices in New York, the Vanuatu Maritime Services on Broadway. Registration can be made either in New York or in Port Vila. The country has recruited Vince Hubbard to run the New York office: he used to be acting deputy maritime commissioner for Liberia.

What makes the Vanuatu shipping register interesting is that it is a joint venture between public and private enterprise. Whatever happens, the government will not lose money. The government sets the regulations and is responsible for supervision of the laws governing the international shipping register, but leaves daily matters and the running expenses to be borne by the private company, Investors Trust.

The income earned from the shipping register will be split between Investors Trust and the government. The stakes have not been disclosed but are believed to be about 70/30 at the start with the greater share going to the government, moving towards 85/15.

Liberia is a long way ahead as yet, with more than 75m gross registered tonnes in its merchant fleet. So far, Vanuatu has a mere 1,434 tonnes — the 500-tonnes *Brahman Express*, a cattle carrier sailing between Australia and Malaysia, and the *Italian Express*, 934 tonnes. The size of Liberia's fleet last year fell by 3m tonnes, and shipowners are worried about the political climate. In Port Vila, officials hope that Liberia's loss will be Vanuatu's gain.

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